POVERTY AND SOCIAL PROGRESS

BY

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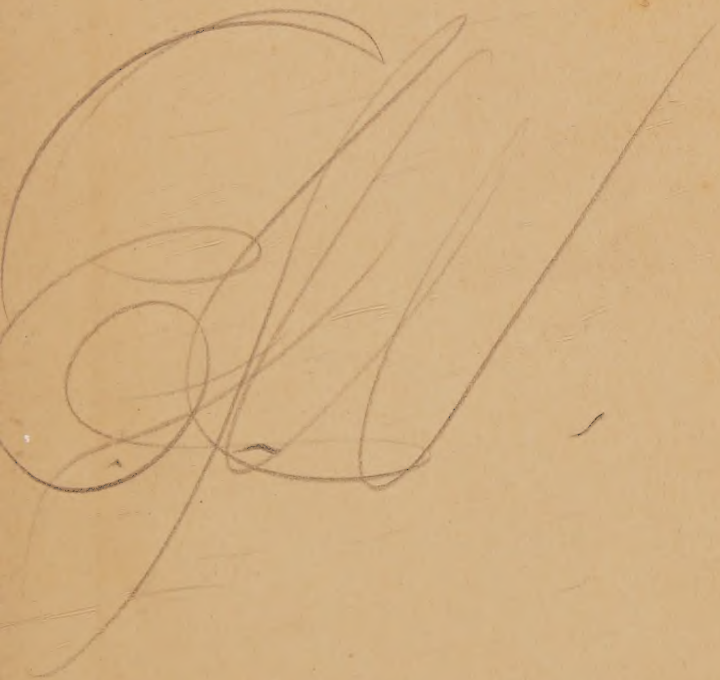

E. J. Watson

# POVERTY AND SOCIAL PROGRESS

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# POVERTY AND SOCIAL PROGRESS

BY

MAURICE PARMELEE, PH.D.

AUTHOR OF "THE SCIENCE OF HUMAN BEHAVIOR," "THE PRINCIPLES OF ANTHROPOLOGY AND SOCIOLOGY IN THEIR RELATIONS TO CRIMINAL PROCEDURE," ETC.

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# PREFACE

A scientific study of poverty shows how fatuous are most of the measures whose familiar shibboleths are philanthropy, social service, moral reform, and religion. An effective program for the prevention of poverty cannot be devised and carried out until an intensive and accurate analysis of the manifold causes of poverty has been made. Such a study requires an extensive knowledge of human nature and social organization. It is obviously impossible to make an exhaustive study within the limits of one book. But I have endeavored to give a comprehensive survey of the problems of poverty which shows the one-sided character of many of the explanations of its causation and which will at least furnish the starting point for an effective program of prevention.

Chapters III–V, inclusive, discuss the biological factors in the causation of poverty. Readers not interested in this aspect of the subject may omit these chapters and yet not be seriously inconvenienced in reading the remainder of the book.

While all of the important causes of poverty are discussed, it goes without saying that the outstanding ones are the economic factors, since poverty is primarily an economic condition. Consequently the discussion centers in the main around the two fundamental economic problems, namely, those of the production and the distribution of wealth.

This book should be useful to many persons who are interested in these important social questions. It furnishes data of great value for the solution of many of the problems of citizenship and statesmanship. It is also suitable for use as a textbook for college and university courses on charities, poverty, pauperism, dependency, social pathology, etc. It will give the student an insight into the nature and causes of these great social evils and will furnish a basis for a more detailed study of special topics within this field.

I wish to thank Professor T. N. Carver of Harvard University; Professors W. E. Clark, A. J. Goldfarb, and H. B. Woolston of

the College of the City of New York; and Professor H. L. Hollingworth of Columbia University, each of whom has read one or more chapters and has offered comments and criticisms thereon. Special thanks are due to Dr. J. H. Parmelee of the Bureau of Railway Economics, Washington, who has read the whole manuscript with care and has offered numerous suggestions and criticisms. It is hardly necessary to add that no one of these gentlemen is responsible for any errors of fact which may have crept in or for any of the opinions expressed.

All of the diagrams in this book are taken from the *Statistical Atlas of the United States, 1914*, published by the Bureau of the Census. The former Director of the Census, Hon. Wm. J. Harris, kindly gave me permission to make use of these diagrams.

MAURICE PARMELEE.

NEW YORK, *April*, 1916.

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# POVERTY AND SOCIAL PROGRESS

# *PART I*

# INTRODUCTORY

# CHAPTER I

## THE ORGANIZATION OF SOCIETY

The nature and functions of social organization — The evil results from organization — The conflict of individual and social interests — Scope of this book.

Poverty is a condition which affects seriously the lives and welfare of many millions of human beings. This fact alone is sufficient to indicate that it is a very complex phenomenon, both as to its causes and as to its effects. It is, therefore, impossible to study poverty adequately without considering all of its causes and effects, whether biological, economic, political, or social (in the broadest sense of that term). In fact, such a study involves a more or less comprehensive survey of the social organization of mankind. This is especially important if our study is inspired by the desire to devise a program for the prevention of poverty and its attendant evils.

In the course of this book we shall have occasion to consider all of the important aspects of social organization in their relations to poverty. We shall therefore commence with a brief discussion in this chapter of the nature and functions of the organization of society.

Social organization begins to develop as soon as relations between human beings who are living in association with each other acquire some degree of permanency and fixity. Thus as soon as customs, public opinion, moral ideas, laws, settled modes of coöperation, etc., come into being, we have at least the rudiments of social organization.

It is inevitable that such organization should develop among human beings. In the first place, the species could not be perpetuated if the young were not cared for by at least one of their parents. This involves establishing a relation of some permanence between parents and their offspring, and furnishes the starting point for the family. In the second place, a certain amount of regulation of conduct by means of public opinion,

moral ideas, laws, etc., is absolutely essential for the maintenance of order. Otherwise individual interests and desires would conflict, and the social group would soon be disrupted. In the third place, coöperation tends to assume more or less settled forms, and to develop into those more complex forms which are usually called the division of labor. By means of such coöperation far more can be produced than if men worked in isolation from each other, so that the inducement to organize for purposes of coöperation is very strong.

Thus we can discern the benefits derived from social organization. In the first place, without at least a rudimentary form of organization the species would perish. In the second place, the maintenance of order is secured through organization. In the third place, the amount of wealth produced to be consumed by human beings is vastly increased by means of organization.

Unfortunately, however, a price must be paid for these benefits, for certain evils are inherent in organization. In the first place, organization involves the imposition of restrictions upon the individual in order to maintain order, thus curtailing the freedom of the individual. While the benefit derived from order doubtless far outweighs the evil of restricting the individual, nevertheless this evil must be borne in mind as a cause of certain pathological social phenomena which will be mentioned in the following chapter.

In the second place, organization inevitably involves a certain amount of rigidity, so that the needs of every individual cannot be satisfied. Organization prescribes to a certain extent the manner of life for the members of the social group. This manner of life may not be beneficial to some members. Indeed it may not be entirely satisfactory to any member of the group. But if it is in the main satisfactory to the group taken as a whole, it has to be tolerated, even at the expense of a few who may be injured by it. So that while the highest possible amount of flexibility compatible with the main ends of organization should be sought, a sufficient amount of rigidity has to be retained in the organization to safeguard its main objects.

In the third place, the development of organization in the course of social evolution seems to demand the sacrifice of some individuals. At any rate this is the claim frequently made for conditions and institutions which require the sacrifice

of some individuals, sometimes of many. In some of these cases the claim is made with a great deal of plausibility, and it is possible and even probable that it may be substantiated in these cases. For example, it is alleged that the classic Greek culture could not have developed except on the basis of slavery. It is alleged that militarism has been absolutely necessary for the development of the state. It is alleged that a capitalistic system involving a high degree of inequality in the distribution of wealth has been absolutely necessary for the development of an economic system including large scale production and a high degree of division of labor, which have made possible the most economical method of producing wealth. In other cases the claim does not appear to be so well substantiated. At any rate it is well to bear in mind that the development of organization, which constitutes a large part of social evolution, inevitably causes a certain amount of evil of this sort.

In this book it will be impossible to go into an extensive study of the historical aspect of this subject. But in any study of pathological social phenomena it is necessary to consider to what extent they are inevitable as the price to be paid for social organization, and to what extent they may be prevented. For example, the anarchistic ideal of unlimited freedom for the individual is very pleasing, and if it could be attained along with the benefits of order we should certainly strive for it. But order is impossible without a certain amount of social control of the individual which is exercised through organization, and such control inevitably implies a certain amount of crime, vice, and immoral conduct in general. On the other hand, such control may be carried altogether too far so as to cause more harm than good, and such an excess of social control must always be guarded against.

In similar fashion the changes involved in the development of organization, and in social evolution in general, cause injury to some individuals. But it should always be considered to what extent and by what means these changes can be directed and ordered so as to reduce the harm caused by them to a minimum.

This conflict between the interests of individuals and the needs of social organization may be studied in all forms of organization. For example, the benefits and evils arising out of the

family may be considered with respect to the rearing of the young and the mating of the sexes. This conflict may be studied in the state with respect to all of the functions of government. It may be studied in the economic structure of society.

In the present organization of society there exists the following economic classification, to which corresponds more or less closely a social stratification. There is a very small upper class of individuals possessing a very large part of the capital wealth of society. There is a very large middle class possessing a much smaller share proportionally of the wealth and income of society. There is a lower class so large as to contain many millions of individuals who own almost none of the capital wealth of society, and who receive proportionally a very small part of the income of society.

It is believed by many that this classification based upon a very unequal distribution of wealth is on the whole desirable and probably inevitable. It is contended that the very wealthy upper class is necessary for the capitalistic system of production. It is contended that this wealthy class makes possible a leisure class which makes a valuable and unique contribution to society. It is generally assumed that the poverty of the lower class, while deplorable, is inevitable.

In this book we shall study these and all the other important questions involved in the problem of poverty and its attendant evils. In the first half of the book we shall study the causes and conditions of poverty. In the first part of the second half we shall deal with the measures by which the evils of existing poverty may be somewhat alleviated and remedied. The remainder of the book will be devoted to a study of the extent to which and the methods by which poverty can be prevented. Our study will show that poverty can be prevented mainly and perhaps only by the progress of society towards a democratic organization inspired by a humanitarian ideal.

## CHAPTER II

## PATHOLOGICAL SOCIAL CONDITIONS

The study of social pathology — Social normality and abnormality — Causes of pathological social conditions — Poverty as a pathological social condition — Economic dependency — Other pathological social phenomena.

Biological terms are frequently used in the study of social phenomena. This may arise out of a belief that human society is an organism like the animal organism. In other cases no such belief exists, but biological terms are used because of certain analogies between social and vital phenomena. Thus we find the term "pathological" applied to certain social phenomena, because they are different from normal social phenomena, and because they are harmful to human beings.

### The Study of Social Pathology

Social pathology may be studied from a purely scientific point of view, as a branch of the science of sociology. In it are studied the abnormal social phenomena which impede or are supposed to impede the course of social evolution. Some of those who have studied this branch of sociology have regarded society as an organism, and have therefore regarded social pathology as a branch of sociology in the same sense that pathology is a branch of biology. When studied in this way, no attention presumably is paid to the practical significance of such study. However, it is doubtful if any one writing from this point of view has succeeded in ignoring entirely its practical significance, because the criterion of what is socially pathological must depend partly if not wholly upon considerations of human welfare.

Social pathology may also be studied from the pragmatic point of view, for the purpose of furthering the welfare of society. It then becomes a branch of applied sociology, whose object it is to furnish a scientific basis for the art of social improve-

ment. The criterion of what is pathological then becomes entirely and unquestionably the hedonistic criterion of human welfare.

This book is primarily a study in applied sociology. But in analyzing the causes of pathological social conditions a few contributions may be made to the science of sociology, because our investigations may throw some light upon the origin of certain social phenomena.

## Social Normality and Abnormality

At the outset of our study it is essential to inquire what is meant by social normality and abnormality. By a norm is frequently meant what is representative of the usual, as opposed to the unusual and exceptional which is called abnormal. This is a purely quantitative definition according to which the phenomena which are in the majority are the normal as opposed to the contrasted phenomena which are in the minority. For scientific purposes this definition is sometimes useful, though not always even for scientific purposes. But for the pragmatic purposes of our study this definition is obviously not sufficient, for the criterion of human and social welfare must play its part in determining what is socially normal and abnormal. It sometimes happens that conditions which are inimical to such welfare are prevalent, in which case we must call them abnormal despite their numerical preponderance.

Pursuing further our analysis of social normality and abnormality, we find, as always in the study of social phenomena, that the ultimate source of these phenomena resides in the human beings who constitute society. The nature of these phenomena is therefore determined by the character of these human beings, whose character is in turn determined to a considerable extent by their environment. Thus we must analyze our social norm into its component parts, which consist of characteristics of human beings and of their environment.

We can therefore distinguish an anatomical norm which is of significance for social normality and abnormality. A serious deformity may impair greatly or destroy entirely the productive ability of an individual and make him objectionable to look upon, thus injuring him and society economically, esthetically, and in many other ways. In similar fashion we may distinguish phys-

iological and mental norms, for the welfare of the individual and his value to society depend very largely upon the nature of his physiological and mental processes. Furthermore, we can distinguish a moral norm. For when we use the term moral in the only sense in which it can be used in sociology, namely, as applied to conduct which is socially valuable, it is evident that the moral traits of the individual are of the greatest importance for social welfare.

We have to consider another element which it is a little difficult to define, because of its somewhat insubstantial character. This is the social structure which arises out of the interaction of human beings, and which is usually called social organization. As the welfare of human beings depends very largely upon the character of the social organization which they have developed, it must be given great weight in determining our social norm.

In the last place, the physical environment must be considered, for the welfare of human beings and of social groups is greatly influenced by their environment.

It is therefore evident that in the study of applied sociology the normality of a social group must be judged by the anatomical, physiological, mental, and moral traits of its members; by the character of its social organization; and by the nature of its physical environment. If these factors promoted to the highest possible degree the welfare of the group, it would be entirely normal, and therefore an ideal social group. It is needless to say that no such group exists or ever could exist, and the practical as well as the scientific problem is to determine to what extent these factors render society pathological and abnormal.

It is obvious that there may be and is more or less difference of opinion as to what constitutes human and social welfare. These different conceptions we shall discuss later in this work. For the present we shall assume the ordinary meaning of the term, namely, a state of physical comfort and of mental contentment and happiness for the majority of mankind.

In passing let me call attention to the difference between what is sometimes called evolutive as distinguished from involutive or atavistic abnormality. Some abnormality may be a necessary step towards a state of society in which there will be a higher degree of welfare. For example, the industrial revolution of the eighteenth and early nineteenth century caused a

great deal of suffering, owing to the large amount of unemployment it involved. But it was a necessary transitional stage towards a new economic system in which far more could be produced for the welfare of society. It is important, therefore, in estimating the significance of pathological social conditions to determine whether or not they are apparently a necessary preliminary to a more normal state of society, in the sense in which we are using the term normal; and if not, to what extent they are acting as a hindrance to the coming of such a state.

## Causes of Pathological Social Conditions

The above discussion of social normality and abnormality has suggested the different kinds of causes of pathological social conditions. I will now outline tentatively a classification of these causes. The validity of this classification we shall be able to test in the course of this book.

1. Physical defectiveness.

Anatomical deformities, congenital or acquired in their origin; and defects of the physiological processes caused by disease, accidents, etc.; in many cases cause their victims a great deal of suffering, destroy their efficiency as producers, and make them a burden upon society.

2. Mental defectiveness.

In similar fashion, defects of the mind, either in the form of feeble-mindness in its different degrees, or in the form of insanity in its many forms, may cause their victims and others much suffering, and make them a burden upon and sometimes dangerous to society.

3. Social inadaptation of normal physical and mental characteristics.

Every person must become adapted to social life in order that on the one hand, he will not be dangerous to society, and, on the other hand, he will, if possible, contribute enough to society economically or otherwise at least to pay for his own support. No person is born fully prepared for social life. The necessary adaptation can come only through education, training, and experience. Some persons fail to acquire this adaptation because of physical and mental defects, such as are mentioned above. Others, though normal physically and mentally, fail

to acquire it because of defects in their education, training, and experience. When this is the case it can be attributed in part at least to the next cause to be mentioned.

4. Certain characteristics and forms of social organization.

It goes without saying that no form of social organization is ideal. But the different characteristics and forms of organization may vary greatly in the extent to which they give rise to pathological social conditions. For example, if through a system of slavery or serfdom or a wage system, a large part of the population are forced to live in a state of misery while a small minority have a superabundance of riches, much of the pathological social phenomena may be attributed to the form of social organization. In judging this matter, however, it is important to bear in mind what has been suggested, namely, that some of these characteristics and forms of social organization may be unavoidable as stages in social evolution and in the progress toward a state of society in which there will be fewer pathological conditions.

5. Physical environment.

It is obvious that climatic conditions such as temperature, humidity, etc., and topographical conditions influence human and social welfare greatly, both by their immediate effect upon man and by determining the supply of food and other commodities needed and desired by man.

It is evident that these different kinds of causes of pathological social phenomena are not separated from each other by any hard and fast lines. Mental defectiveness is invariably based upon physical defectiveness. We have already noted how the social inadaptation of the individual may be due either to physical and mental defectiveness or to social organization or to both kinds of causes. Social organization is determined by the persons who develop it and by the environment in which it evolves. Physical environment is perhaps least affected by the other factors, but even it is changed somewhat by human agency. The above classification is made in order, on the one hand, to aid in analyzing the causes of these pathological social phenomena, and, on the other hand, to suggest methods of dealing with them. All of these factors will be discussed in the course of this book and an attempt made to analyze their interaction with each other.

For the purposes of our study it is important to call attention to the distinction between pathological conditions and conduct which is from the social point of view pathological. A person may be born into or at any time of life may fall into a pathological condition, such as poverty or some other state of misery. This may or may not be due to his own conduct. On the other hand, certain kinds of conduct are regarded as pathological from the social point of view. Some of this conduct, such as criminal and vicious conduct, is generally regarded as immoral. Because of its moral significance the study of this kind of conduct involves peculiar problems of its own. We shall not deal with this kind of conduct in this book, except in so far as it is a factor in causing pathological social conditions. Other kinds of conduct are regarded from the social point of view as pathological without being regarded as immoral, as, for example, inefficient labor which is due to personal defects and idiosyncracies. It is evident that conditions and conduct are mutual causes and effects of each other, and it is impossible to study the one without studying the other. But in this book we shall be primarily interested in studying conditions. Later in this chapter I shall mention pathological social phenomena which illustrate both conditions and conduct.

## Poverty as a Pathological Social Condition

It is impossible to name here all of the pathological social conditions. To do so it would be necessary to enumerate a large part of the conditions and relations of social life, for in most of them pathological elements are to be found. But we are now prepared to mention at least a few of the principal ones.

The one which stands out with the greatest prominence and to which, according to some, all others can be reduced, at least so far as their origin is concerned, is poverty. But this is an extremely vague term, because it is so relative. The multi-millionaire may regard as poor the man with an income of ten thousand dollars a year. And yet in the eyes of the great majority such an income lifts its possessor far above poverty. It is evident, therefore, that there are many degrees of poverty, according to the point of view of the observer.

Another term which is somewhat more definite in its meaning

is "destitution." Here again, however, there may be some variation in its use. It may mean the total or partial lack of the absolute necessities of life. But it may also mean a lack of some of the things essential to a decent standard of living.[1] It is evident that this would at once cause difference of opinion as to what constitutes a decent standard of living.

A term which is still more definite is "pauperism." A pauper is one who is being supported in part or entirely by others for philanthropic reasons. And yet here again there may be some uncertainty as to the degree of poverty of the pauper, for he may be destitute in the first sense of lacking some or all of the absolute necessities of life, or he may possess these necessities but be furnished additional things by charitably inclined persons who wish to bring him up to a certain standard of living. In any case, the pauper is at least in part dependent economically upon others. It is therefore important that we should consider the meaning of the term "economic dependency," for there are many forms of such dependency which are not called pauperism.

## Economic Dependency

In its broadest sense, economic independence consists in producing all of one's own income. In the technical economic sense, a person is economically independent who is earning an income in the form of economic goods or money in an economic occupation usually carried on outside of the home, and in which he is producing goods which are put on the market and have exchange value. It is evident that in both of these senses there are many forms of economic dependency. Some of these are regarded by most or all persons as normal, and we must distinguish them from the kinds which are abnormal and pathological.

It goes without saying that owing to the helplessness of infancy and early childhood, the young must always be economically dependent up to a certain age. Under the present social organization this dependency is normal when the young are being supported by their parents or other members of their family. But if through being orphaned or losing the support of their family

[1] S. and B. Webb use the term in this sense in their work entitled *The Prevention of Destitution*, London, 1911.

for any other reason, they are supported by private charity, or by the state, their dependency is generally regarded as abnormal.

The vast majority of women in the past and a large part of them now are economically dependent in the usual sense of the term. Many of these are wives who are dependent upon their husbands, others are daughters who are dependent upon their fathers, mothers who are dependent upon their sons, and women who stand in various other relations to their male supporters. It must, however, be pointed out that, to a high degree in the past, and to a large extent still, women have been carrying on activities in the home which are economically valuable in the broader social meaning of the term, for they have been and are producing goods for home consumption the amount and value of which are never publicly measured in the market. Furthermore, in performing the functions of child bearing and rearing they have been performing functions which in the same broad social sense have been of the highest economic value. But, on the one hand, modern economic progress has taken many industries from the home, while, on the other hand, the advance of civilization has led naturally and necessarily to a lowering of the birth rate, thus reducing woman's work in the bearing and rearing of children. These changes have lessened greatly the economic functions of woman within the home, and have brought into being a relatively large leisure class of parasitic women who are in every sense of the term economically dependent, and a much larger class of women who are partially dependent. Consequently, the question of the economic independence of women has become of serious importance, for modern civilization must decide whether it can tolerate so large a class of women who are wholly or partially dependent economically. However, in the minds of the majority this form of economic dependency is still regarded as normal.

There has always been a small leisure class of those possessing enough wealth to enable them to live without being economically productive. Where these persons have been economically productive in the past and are now living upon the surplus of what they have produced in the past over what they have consumed in the past, they are in the truest sense economically independent. But many of these are persons who have inherited their

wealth, and have never produced anything of economic value. These persons are in the truest sense of the term economically dependent, unless they are benefiting society in some other way to a sufficient degree to justify giving them their support. However, the term economic independence is curiously misused with respect to these persons, and in view of the existing economic organization of society they are regarded by most people as being economically independent.

Furthermore, it is in a sense true that every one is to a certain extent economically dependent. This is due to the division of labor, as a result of which no one actually produces all that he consumes, but must depend usually to a high degree upon the aid and coöperation of others to produce what he needs. It goes without saying that this kind of dependency is necessary and normal in any form of social organization.

It is now evident that what constitute normal and abnormal dependency depend upon the existing form of social organization. Variations in the organization of society are therefore very likely to cause variations in what constitutes normal dependency. For example, if a system of state support and rearing of children should become customary, it would no longer be abnormal for a child not to be supported by its parents or other members of its family. If it becomes customary for women to earn their own living, it will come to be regarded as abnormal for a woman to be dependent upon a male supporter, except possibly when she is incapacitated by child bearing and rearing, and even then her support may devolve upon the state. If the private inheritance of wealth is abolished entirely, or comes to be looked upon unfavorably by the public, the dependency of the leisure class may come to be regarded as abnormal.

At any rate, the existing competitive economic system assumes economic independence for adult males at least. It may be well to point out that where these males are wage workers they may in reality be dependent to a very high degree upon employers and capitalists. But this is a form of the dependency which arises out of the division of labor which has been mentioned. Adult females are being added rapidly to those who are economically independent, because women are entering industry to a constantly increasing degree.

Let us now enumerate some of the principal forms of de-

pendency which are abnormal under the present system. Children who, because they have been orphaned or for any other reason, cannot be supported by their own families are usually called dependent children, and are regarded as being abnormally dependent. The physical and mental defectives who cannot support themselves or be supported by their families are regarded as being abnormally dependent. Widows and other women who have lost their usual male support and cannot support themselves are abnormally dependent. The destitute sick who cannot be cared for in their own families are abnormally dependent. The unemployed who become dependent and the aged poor who cannot be cared for in their own families are abnormally dependent. All these types of dependency will be discussed in the course of this book.

## Other Pathological Social Phenomena

Let us now turn to some of the pathological social conditions in which economic dependency is not necessarily involved. Various pathological conditions arise in domestic circles, owing usually to disagreements between members of a family. These disagreements may be due to the characteristics of the persons involved, or to economic conditions, or to various other causes. In many cases the disagreement is between a husband and his wife. If they continue to live together, it usually means a great deal of unhappiness for both, while if there are any children, the situation created is likely to be injurious to them also. They may separate legally either partially or completely by means of a divorce. Or one of them may desert the other. For economic reasons it is much more likely to be the husband who deserts the wife than vice versa. Extra-matrimonial matings are likely to create pathological conditions under the existing form of social organization, especially if they result in offspring, since the position of these offspring is very anomalous under the present system of law. Disagreements between other members of the family may lead to pathological conditions. For example, disagreements between parents and children may result in the children leaving home before they are prepared to do so and becoming mendicants, vagrants, prostitutes, criminals, etc.

Other pathological phenomena may be mentioned, some of

which are pathological conditions, others are pathological forms of conduct, while still other such phenomena illustrate both. But even those which are forms of conduct alone are either causes or results of pathological conditions.

Intemperance is a very widespread condition, but is also a form of conduct. Mendicancy and vagrancy are conditions, but are also to a considerable extent forms of conduct. Prostitution is a condition, but is also generally regarded as a pathological form of conduct. Gambling is primarily a form of conduct, but frequently leads to pathological conditions. Suicide is purely a form of conduct, and not at all a condition. But it is frequently caused by pathological conditions, and sometimes leads to such conditions.

# *PART II*

# CAUSES AND CONDITIONS OF POVERTY

## CHAPTER III

## BIOLOGICAL FACTORS

Theory of the inheritance of acquired characters — Theory of inheritance through the germ cell — Hereditary causes of pathological phenomena — Eugenics and biology — The determination of human personality.

It may seem out of place to be discussing biological forces in a study of social conditions. But in the preceding chapter I have given a fivefold classification of the causes of poverty and its attendant evils, three of which classes are made up of characteristics of individuals. Two of these are pathological characteristics of the body and of the mind. It is evident that physical pathological characteristics are biological phenomena, whose causes and treatment must therefore be studied primarily from a biological point of view. Pathological characteristics of the mind are primarily mental. But inasmuch as they arise out of biological phenomena, they also demand study from a biological point of view. The third class of causes of poverty and its attendant evils includes normal characteristics of individuals which have not become adapted to social life. This lack of adaptation is doubtless due usually to social forces. But inasmuch as these traits are primarily biological, they also demand some study from a biological point of view.

### Theory of the Inheritance of Acquired Characters

First of all let us discuss briefly the two principal theories of heredity. These differ greatly in their significance for the study of the phenomena mentioned above.

The first of these is the theory of the inheritance of acquired characters, or of the hereditary transmission of acquired modifications. According to this theory changes which take place in parents are transmitted by hereditary means to a greater or less degree to their offspring. This theory has had a specious appearance of plausibility which has led to its widespread accept-

ance in the past, while in all probability it is still believed by the majority today. In the first place, it has seemed to accord with the facts of everyday life which we see around us. For example, it has frequently been observed that offspring enter the same occupations as their parents, and display skill therein. It has seemed plausible to many to believe that the skill acquired by the parents has been transmitted hereditarily to their offspring. However, there are other possible explanations for such phenomena. The fact that an offspring follows in the parental footsteps in the matter of occupation may be due to the influence of the social environment. That is to say, parental example, suggestion and training may lead the offspring into the same occupation and aid him in acquiring proficiency therein. Or the fitness of both parent and offspring for the same occupation may be due to a trait or traits which are innate in both. These traits may for a long time have been present in this stock and have been transmitted from generation to generation as far back as we can trace them. Or they may have appeared as congenital variations or mutations in the parent or further back in the line of descent. In similar fashion it has been thought that where a disease has appeared in two or more successive generations, we have an example of the transmission of an acquired character. But here again, as we shall see, this may be explained on other grounds.

In the second place, it has been thought, in view of the physical law of the persistence of force and the organic law of the continuity between generations, that the results of forces acting upon one generation must manifest themselves in succeeding generations. There is no denying these two fundamental laws of nature, but it is not a necessary inference that these results in one generation will manifest themselves in the same form in the next generation. A more intensive study of the nature of the organism shows that this is not likely to happen.

A further reason, doubtless, why this theory of heredity has been and is so widely held is that many have believed it to be the theory of heredity which offers the most hope of human and social betterment. Indeed, probably to the vast majority of the public this has seemed the only theory of heredity which offers any hope of progress. It has been thought that if characters acquired by one generation could not be transmitted to

the next generation, there could be no hope of improvement of the race. It is true that if the characters acquired are good, their transmission would improve the race. But the social environment cannot always be controlled by philanthropists, social workers, reformers, revolutionists, or others who are interested in the improvement of the race, so as to guarantee or make highly probable the acquisition of good characters. So that the characters acquired may be bad, in which case their transmission will be injurious to the race. The consequence is that the theory of the transmission of acquired characters involves the danger of the degeneration of the race and of regress, as well as the hope of the improvement of the race and of progress. So that even on the basis of the hope for progress which it offers, this theory is of questionable value, for progress would then depend upon the extent to which individuals could be persuaded or coerced by environmental conditions or by social pressure into acquiring good characters. But in any case it is absurd to hold any theory upon such a basis, for every theory should be tested by its accordance with the facts and not by teleological considerations.

This theory of heredity has become almost universally discredited among biologists and others acquainted with modern biology for several reasons. In the first place, all of the cases alleged to be transmissions of acquired characters which have been carefully investigated have either been explained on other than hereditary grounds, (and this has been true of most of them), or else could not be satisfactorily explained as transmissions of acquired characters, and in most of these cases the probability is that with further knowledge they could be explained by the second theory of heredity, which we are about to discuss. In the second place, no attempt to explain the mechanism by which acquired characters could be transmitted has as yet been satisfactory, and with our present knowledge of the organism it is difficult to see how such a mechanism could exist. In the third place, numerous discoveries have been made furnishing an adequate scientific basis for an opposing theory of heredity.

Even among the few biologists who still hold to a theory of the transmission of acquired characters, the theory has developed so far away from its earlier crude form that it no longer has the same practical significance. While its representatives do not usually discuss its practical significance, it is quite likely that

its application to human and social problems would be very little if any different from the second theory. The difference has become one of a highly technical biological nature with little or no practical significance.[1]

### Theory of Inheritance through the Germ Cell

Let us now turn to the other theory of heredity. This theory is based upon the relatively immutable character of the germ plasm in the individual and the continuity of this germ plasm from generation to generation. Embryological researches have shown that inheritance takes place directly through the germ cell. That is to say, when an egg cell is fertilized by a sperm cell the new individual which develops from the fertilized germ cell inherits only such characters as are in the sperm and egg cells, while the somatic cells which make up the rest of the bodies of the parents are not directly involved in the mechanism of inheritance. Further biological researches have indicated that modifications acquired during the lifetime of the individual affect the somatic cells of the body, but are not transmitted through the germ cells, though they may affect the germ plasm greatly in other ways.

It has, therefore, seemed to many that this theory offers no possibility for change, either for good or for bad. But there are several very powerful forces for change at work. In the first place, as we have seen, each individual is the outcome of the crossing of the germ cells of two other individuals. The resulting combination is certain to be somewhat different and may be very different from either of the parent germ cells. In fact the chances are almost infinite against any two persons possessing the same combination of characters, and thus being exactly alike. Thus we have this force constantly at work producing individuals each of whom is to a certain extent unique.

In the second place, variations and mutations may take place in the germ cells. I have spoken above of these cells

[1] As, for example, in the case of the so-called mnemonic theory of heredity, which is a modern form of the theory of the transmission of acquired characters. See, for a recent exposition of this theory, E. Rignano, *Upon the Inheritance of Acquired Characters*, trans. from the Italian, Chicago, 1911.

as being relatively immutable. By this I mean that they are comparatively immutable as compared with the somatic cells. A considerable part if not most of the somatic cells are constantly exposed to modification either by the action of external forces or through exercise and use. But the germ plasm is more or less protected from the forces for change, and represents in the individual the stability and continuity of the phylogenetic line to which the individual belongs. However, this does not mean that there are not forces at work to change the germ plasm as well. To begin with, the crossing of the germ cells described above must lead to a germ plasm in the new individual which is at least a little different from the germ plasm in either of the parent organisms. But variations and mutations are doubtless taking place in the germ plasm of the individual organism, how frequently we cannot tell. These changes may be due in some cases to the internal processes of the germ cell, which, it goes without saying, is, like any other vital cell, an organic entity probably more independent of the larger organism than a somatic cell. In other cases these changes may be due to the forces of the organic environment of the germ cell. In other words the germ cell is influenced by the condition of the vast number of somatic cells by which it is surrounded. It is evident how inevitable this is when we consider that the germ cell must secure its nutriment through these somatic cells, and that its physical and chemical surroundings are determined by the condition of the rest of the organism; as, for example, its temperature, and whether or not it is subjected to the influence of noxious substances, such as toxic fluids, etc.

These facts indicate how the germ plasm is influenced by the experience of the individual organism, for this experience must determine in part what the somatic environment of the germ plasm is to be. But it is obvious that this influence is not of the sort contemplated by the theory of the transmission of acquired characters. So far as we can see, specific modifications such as mutilations, increase in size of muscles, association paths established in the nervous system, etc., cannot be transmitted. But general constitutional conditions may have a decided effect upon the germ plasm by increasing or decreasing its vitality and in other ways. Unfortunately the internal

processes of the germ cell are very obscure to us, because the cell is minute in size and because these processes are carried on within the organism and therefore hidden from our view.

For similar reasons it is difficult to learn much about the internal constitution of the germ cell. Nevertheless we have numerous hypotheses and theories bearing upon this subject, and at least a small amount of knowledge. The most popular type of theory among biologists today is the unit character theory of the structure of the germ cell. According to this theory the germ cell is composed of distinct parts or unit characters each of which determines a distinct part of the developed organism. Belief in the existence of these unit characters has been greatly strengthened by Mendelian researches which have been carried on recently. These researches seem to indicate that in various animals and in man certain characters are transmitted in accordance with very definite laws and are not blended with other characters. When these characters are traced through successive generations they are found to be recurring in definite proportions. These laws are well illustrated in the case of the so-called allelomorphic pairs of characters. In each of these pairs the characters are contrasted with each other so that when one of them appears the other is absent. All these facts seem to indicate that the parts of the developed organism are being determined by distinct units in the germ cell. The discovery of the chromosomes in the germ cell furnishes experimental demonstration of the existence of these unit characters. In the case of one of these chromosomes, namely, the accessory or X chromosome, the function has probably been discovered, for it seems to be the determinant of sex. The functions of other chromosomes also seem to have been discovered. Further microscopic study of the germ cell may reveal more evidence of the presence of these unit characters.

Another powerful force for change is that of selection. Selective forces are constantly at work weeding out and exterminating certain individuals and types which are unfit to survive under given conditions, while other individuals and types are left to survive and reproduce their kind. Thus variation along certain lines is prevented, while it is left unchecked along other lines. It goes without saying that selection is not an organic factor, but represents the influence of the environment upon

organic evolution. As such it is of great importance in determining what is to be inherited.

## Hereditary Causes of Pathological Phenomena

The preceding has been a very brief summary of the most important facts and theories with respect to heredity.[1] All of these are elementary biological data which are doubtless known to all readers of this book. But it has seemed well to recall them to the reader's mind because of their vital significance for the subjects to be discussed in succeeding chapters. This will be evident when we consider the possibility of practical application of these facts and theories.

We have already noted that many diseases have been regarded as hereditary in the past which are not so regarded now. It is obvious that the diseases which are now known to be caused by germs cannot be hereditary. It is important to determine in the case of every pathological condition, both physical and mental, whether or not it is hereditary. Otherwise it is not possible to judge wisely how to treat the condition, and what measures to take to prevent it. For example, the brachydactylous hand is known to be inherited, while the hunchback is usually if not always acquired. It is obvious, therefore, that the only way to prevent the brachydactylous hand is to prevent breeding by those who will have brachydactylous offspring. But hunchback can in most if not all cases be prevented by preventing the accidents which cause it. Feeble-mindedness is known to be inherited in many cases, while insanity frequently is acquired. Consequently it is hopeless to attempt to cure feeble-mindedness in these cases, while it is possible sometimes to do so in the case of acquired insanity.

But the significance of heredity for these pathological conditions of body and mind is still more complicated than has so far been shown. While we know with certainty in the case of many of these pathological conditions that they are acquired,

[1] I have discussed these matters more fully in my book entitled *The Science of Human Behavior, Biological and Psychological Foundations*, New York, 1913, chaps. III and IV. A comprehensive summary of the subject of heredity is given in J. A. Thomson's *Heredity*, 2d. ed., London, 1912. See bibliography for further references.

we have reason to believe that certain individuals inherit characters which make them more prone to acquire these defects. So that if we pursue further our investigation of causes in the case of many of these acquired characters, we may arrive ultimately at hereditary factors. So much for the present for the importance of heredity for the study of pathological conditions of the body and the mind.

## Eugenics and Biology

During the last few years there has been much discussion of eugenic measures for the improvement of the human breed. The term "eugenic," like so many other scientific terms, has been much misused by the public at large. It has been applied to many measures for social betterment which are not directed towards the improvement of the human breed in the strict sense of that phrase. Some persons have misused the term in this manner under the impression that these measures would improve the human stock. This mistake has frequently been due to a belief in the transmission of acquired characters. Others have misused the term under the impression that it includes any measure for social betterment.

Eugenics is the science of the improvement of the human breed. As such it is evident that it is primarily a branch of the science of biology. Furthermore, inasmuch as the improvement of any stock can take place only by means of inheritance, eugenics is most closely related to the branch of biology which deals with heredity. What is inherited and how inheritance takes place are, therefore, questions of the utmost importance for eugenics. Consequently, how variations arise and what determines whether or not they are to be perpetuated are also of the greatest importance, for improvement can come about only through change, and changes come through variation. Furthermore, selection is also of importance for eugenics, for the survival and suppression of variations is determined in part by the selective forces in the environment.

It must now be evident that eugenic measures can have a sound scientific basis only to the extent that we have data bearing upon the biological questions mentioned above. As we have seen earlier in this chapter, our information upon all these

subjects is still very limited. Unfortunately many have failed to realize this, and have advocated and in some cases have put into effect measures which have not adequate biological justification. All these matters we shall discuss in a later chapter.

## The Determination of Human Personality

As we have seen in the preceding chapter, certain normal human characters may play a part in the causation of pathological social conditions. These are characters which, however normal they may be biologically, are nevertheless ill suited to social life. Consequently, if they fail to become adapted in the course of the lifetime of the individual, they may cause trouble. The determination of these characters, which are hereditary, is, therefore, of some interest for our study. It would be interesting to discuss whether or not it is possible to breed out these characters from the human stock. However, it is doubtful if they can be bred out, since they are very closely interwoven with the texture of human nature.

In fact the whole subject of the determination of human personality is of interest in this connection. A discussion of it would involve a study of the relative influence of heredity and environment or of nature and nurture, as they are frequently termed. We shall touch upon this subject later, but for obvious reasons will not be able to discuss it exhaustively.

## CHAPTER IV

## PATHOLOGY OF THE BODY

Causes of pathological physical states — Pathological bodily phenomena — The diseases — Causes of disease — Occupational diseases — Extent of industrial accidents and diseases — Abnormal and pathological bodily states as causes of poverty.

All pathological conditions of the body cause suffering and injury to those afflicted, and frequently to others as well. In this chapter we shall deal briefly with some of these physical pathological phenomena which lead more or less directly to poverty and its attendant evils.

### Causes of Pathological Physical States

Let us consider first the causes of these bodily pathological conditions. Strictly speaking, no pathological condition of the body can be said to be inherited, so that heredity is not a direct cause of disease.[1] But indirectly it has a great deal to do with the causation of these pathological phenomena. In the first place, certain individuals inherit characters which, since they are inherited, must be normal to them and to the families to which they belong. But they are abnormal as compared with mankind at large for they vary greatly from the typical human characters.[2] These abnormal characters may cause pathological conditions of the body in those afflicted with them.[3] Or even if they do not lead to bodily pathological states, they may be suffi-

[1] This is partly a matter of definition. Some writers include under the term "pathological" certain inherited characters which are abnormal as compared with typical human characters, and which are detrimental tc the individual. But I consider the above the better usage.

[2] Here again it is partly a matter of definition. Some writers choose to call these characters abnormal even with respect to these individuals and their families, as well as when compared with mankind at large.

[3] An example of such an inherited character is hæmophilia in which the blood coagulates very slowly, so as to lead in case of injury to profuse loss of blood and sometimes to death.

cient in themselves to place these individuals in pathological social conditions. This is true of some of the deformities and defects which we shall mention. In the second place, an individual may inherit a diathesis or predisposition for acquiring certain diseases and other pathological phenomena. Thus he may inherit lungs which are more prone than most lungs to be infected by the germ of tuberculosis.

Several kinds of intra-uterine causes of pathological bodily states may be distinguished. In the first place, there are the physical and mechanical causes, such as lead to injuries of various sorts to the fetus. These may be due to external forces such as cause a violent physical shock to the mother, this shock being communicated to the unborn child. Or the injury may be due to an internal mechanical force, such as a ligament becoming wound around a limb or other part of the fetus so as to impede its development, and even in some cases to cause its amputation. In the second place, malnutrition may be a pre-natal pathological force. This may be due either to the malnutrition of the mother or to an internal disarrangement or disturbance which prevents the developing child from securing proper nourishment through the connection which exists between it and its mother. In the third place, the fetus may be injured by intoxications which are caused either by poisonous substances which have been introduced into the mother from outside, as, for example, alcohol, or by toxic fluids which have been pathologically generated by chemical processes within the maternal organism. In the fourth place, the unborn child may be infected by parasitic microörganisms which have invaded the maternal organism and have made their way to the womb.

The post-natal causes may be classified as follows:—

1. Mechanical.

These are the blows, falls, pressures, cuts, etc., which do injury by destroying organic tissue and by giving shocks to the organism as a whole and the nervous system in particular.

2. Physical.

Excessive heat and excessive cold do injury to the organism in ways too well known to need description here. Excessive light may also do injury, as in the case of sunburn and of the inflammations caused by X-rays. Heavy charges of electricity cause injury by burning or by shock.

3. Chemical.

Certain chemical substances, including all the poisons, injure the organism by burning, or by causing pathological physiological processes, or in other ways. Some of these substances injure all parts of the organism and others injure only certain parts. The amount of the substance acquired usually makes a great deal of difference. In the case of some of them a small amount does little or no injury while a larger amount is very injurious. These substances may be introduced into the body from outside, or they may be generated within the body by abnormal physiological and chemical processes.

4. Parasitic.

Numerous diseases are caused by microörganisms which invade the organism and live parasitically and reproduce therein. The pathological states caused in this manner vary almost as greatly as the parasites themselves.

## Pathological Bodily Phenomena

Turning now to the abnormal and pathological bodily phenomena we may divide them, to begin with, roughly and not very accurately into two main groups, namely, the physical abnormalities and the diseases. The first kind of physical abnormalities I wish to discuss are the anatomical deformations. It goes without saying that no one is anatomically perfect, so that every one possesses some anatomical deformations. But if these are very slight, they will not usually hamper the individual in his life in society. Furthermore, in some cases an extensive anatomical deformation, where it does not destroy its possessor's ability to engage in certain occupations, does not prevent his success in life, however much discomfort and annoyance it may cause in other ways. In many cases, however, these deformations make their victims social failures in the sense that they do not succeed in life and fall into one or more of the pathological social conditions. In some cases the deformation makes its possessor unfit for any kind of occupation. In many cases, however, the deformed person is capable of engaging in certain occupations, but owing to social maladjustment or lack of adjustment is never furnished the opportunity to enter one of those occupations.

The deformation may be due to excessive growth or lack of growth of certain parts of the body. But giantism and dwarfism are, fortunately, comparatively infrequent, so that they do not create a serious social problem.

Curvatures of the spine of various sorts are very frequent. In some cases the spinal curvature does not materially injure an individual's chances for success in life. In other cases, either owing to the nature of the curvature itself or other pathological states which accompany it and which are usually causally related to it, the possessor is rendered unfit for all occupations, or at any rate for any of those to which he can gain access.

There are numerous deformations of the limbs and their extremities. For example, two or more of the fingers of the hand may grow together, forming what is technically called syndactyly. Or two or more of the toes may grow together, forming what is popularly known as claw-foot. The last phalange in the fingers and toes may be lacking, thus making them abnormally short and stumpy. This is called brachydactyly. Other examples of deformities of the feet are the flat foot, the club foot, the splay foot, the hammer toes, etc. The arms may be deformed by lack of development or by malformation. The lower limbs may be deformed in the same way and also by the dislocation of the hips. It is evident that, since the limbs and their extremities are very necessary for most occupations, the crippling to any extent of these parts of the body is very likely to prove a serious obstacle in the economic struggle for existence and to make the cripple a dependent.

In this connection let us take note of the mutilations. A mutilation is the loss of a part of the body, owing usually to an accident. If only a small part of the body is lost, or it is a part which is not important for most activities, as, for example, the external ear, the mutilation may not hamper its possessor at all. But if the mutilation involves the loss of hands, feet, or limbs, it is very likely to prove a serious handicap.

Abnormalities of the nervous system leading to feeble-mindedness in its various degrees are of great importance, because feeble-mindedness is a prolific cause of pathological social conditions. Whether these abnormalities are in the nature of malformations in the nervous structure or of the absence of essential parts, it is difficult to say. But inasmuch as feeble-mindedness

is a mental defect, we shall discuss these abnormalities in the chapter on the pathology of the mind.

Defects of the senses, especially of the senses of sight and of hearing, and of the speech organs are of great importance, because blindness, deafness, and dumbness are prolific causes of poverty and dependency. These defects may be due to abnormalities in the nervous system which injure the nerves which control the senses and speech. Or they may be due to deformations or mutilations of the organs of the senses and of speech. For example, a part of the eye may be missing or be malformed. Or the same may be true of a part of the inner ear. In similar fashion the organs of speech may be rendered useless for purposes of speech.

All of the factors mentioned earlier serve as causes of these physical abnormalities. Many of these abnormalities are present at birth. In some of these cases they are due to hereditary forces. Some of them are family characters which are inherited from generation to generation. For example, this is true of brachydactyly and also in some at least of the cases of syndactyly, though in other cases this may be an acquired modification due to pre-natal causes. Various abnormalities of the skin are inherited, such as abnormalities of the coloring as in the case of piebald coloring. Another curious case is where the skin is covered with a horny substance. In fact, almost any physical abnormality may make its appearance. In some cases these abnormalities may be beneficial. But more frequently they tend to hamper their possessors in their life in society, either because they destroy entirely or in large part the efficiency of the individual for the occupations which he may enter, or, as happens in some cases, merely because their abnormal appearance causes them to be shunned by society and thus rendered unhappy.

Turning to other kinds of abnormalities, defects of the nervous system may be inherited, as is indicated by the feeble-mindedness and other mental defects and abnormalities which are inherited from generation to generation in certain families. Defects of the senses may be inherited, as is indicated by the blindness and deafness which run in certain families. It may also be that defects of the speech organs causing dumbness are sometimes inherited, though dumbness is usually due to deafness.

In the case of each of these inherited mental defects and defective senses, the cause may be the lack of a part of the organ concerned or an abnormal arrangement of the parts of the organ, thus preventing a proper functioning of the mind or of the sense concerned.

Thus we see that all of the physical abnormalities which have been mentioned may be inherited, except mutilations which, since they are acquired characters, cannot be inherited.

But in many cases it is difficult to tell whether the abnormality is inherited, because there are several other possible explanations. Thus it may be due to an inherited predisposition or tendency to develop the abnormality under favoring circumstances. Then if these favoring circumstances recur in generation after generation, the abnormality will reappear in each generation as if it were an inherited character. Or it may be due to some of the pre-natal causes which have been mentioned earlier in this chapter, and which if they recur in generation after generation will make the abnormality reappear in similar fashion as if it were an inherited character. In many of these cases the only way of determining whether or not the character is hereditary is to ascertain whether or not the successive generations in which the abnormality has made its appearance have lived in an environment which was similar with respect to the forces which would develop the character in the individual. If the environment has been similar, so that all these individuals have fallen under the influences which would tend to develop this character in them, it would not be at all certain that it was hereditary. But if the environment has varied greatly in this respect, it would be highly probable that the abnormality was hereditary.

If the abnormality is hereditary, it has been due originally to a germinal variation giving rise to a character which has persisted in the family. It may happen in some cases that in accordance with the Mendelian laws of inheritance the character does not appear in any of the known relatives of the individual in whom it is observed. It would then appear in this individual as a personal idiosyncracy similar to the idiosyncracies which appear in some individuals, owing to which they are affected differently from most people by certain foods, poisons, etc. In such a case it would usually if not always be impossible

to determine if the abnormality was due to an inherited family trait or was an acquired modification.

It is now evident that the abnormalities which are present at birth may be inherited, or they may be due to hereditary predispositions aided by favoring circumstances, or they may be due to various pre-natal forces. Let us now consider the causes for the abnormalities which make their appearance after birth.

A post-natal abnormality could not, strictly speaking, be inherited, unless it characterized a part of the organism which developed entirely after birth. But inasmuch as the human infant is fully formed before birth, an inherited abnormality would be sure to exist in part at least before birth. A post-natal abnormality may, however, be due to a hereditary predisposition which does not manifest itself until after birth. So that in this fashion heredity may play some part in causing post-natal abnormalities, but on the whole it doubtless plays a much smaller part in causing these abnormalities than in causing the pre-natal abnormalities which we have discussed.

Many of these post-natal abnormalities are caused by accidents. These accidents may be experienced under any condition of life. Many of them occur in the course of economic activities, and are then usually called industrial accidents. Some of these accidents cause extensive mutilations which result in the loss of hand, foot, or limb, thus crippling the victim seriously. Other accidents give a serious jar or shock to the constitution which may result in a deformation, such as a spinal curvature, dislocation of the hips, etc. Or the accident may shock the nervous system so as to retard its development, if the victim of the accident is a young person, and cause a general mental defectiveness which is similar to hereditary feeble-mindedness. Or the accident may cause lesions in the nervous system which give rise to specific mental derangements. These mental defects we shall discuss in the next chapter. In similar fashion accidents may injure the organs of the senses and of speech, thus giving rise to blindness, or deafness, or dumbness.

Various abnormalities may be caused by malnutrition and unhealthy environmental conditions, such as lack of wholesome air, filth, etc. A good example of this is the deformations of the limbs and other parts of the body caused by rickets. Rickets

is primarily a disease of the digestion caused by malnutrition and uncleanliness which appears almost exclusively in young children. But it also affects the bones of the limbs and other bones of the body by softening them, and thus results in deformed and sometimes crippled limbs, adenoids, etc. But malnutrition and these injurious environmental conditions may cause abnormalities still more directly by retarding the development of the young, thus resulting in stunted growth, disproportion between the different parts of the body, retarded mental development, etc.

Any disease may give rise to an abnormality, and this is unusually true of some of them, especially the diseases caused by germs. For example, tuberculosis may affect the joints so as to weaken them and sometimes to cause crippling. Syphilis may have a similar effect and may destroy certain parts of the body. But diseases which are not caused by germs may have a similar effect, as, for example, rheumatism, which is very likely to enlarge the joints, thus giving rise to deformations and sometimes to crippling.

## The Diseases

Let us now turn to the diseases. The term disease is sometimes used very broadly so as to include most if not all of the abnormal and pathological states of the body and of the mind. Thus it is used by some to include anatomical deformations, mutilations, feeble-mindedness, etc. But this a rather loose use of the term, for an inherited abnormality is, as we have seen, normal so far as the individual is concerned, and is sometimes quite compatible with good health; while a mutilation, after its immediate effects have disappeared, may not injure the health, however inconvenient it may be in other ways. So that we shall restrict the use of the term to certain distinctly pathological states of the body.

But even after we have restricted the meaning of the term in this fashion, it still remains difficult to define disease accurately. Many medical writers refuse to do so at all, or do so only tentatively. Such a tentative definition is that disease "is a deviation from health." [1] This definition is perhaps too broad

[1] W. Evans, *Medical Science of Today*, Philadelphia, 1912, p. 29.

and is obviously very vague, since it involves, among other things, the necessity of defining "health." But I shall not attempt to go any further in the definition of disease, since the following discussion of the different kinds of disease will perhaps indicate sufficiently what I mean by health.

The diseases are usually divided into three main groups, namely, the organic diseases, the nervous and functional diseases, and the zymotic diseases or those caused by germs. This will be a convenient classification to follow, though, as we shall see, it is not scientifically precise.

The organic diseases are the diseases of the internal organs which are not caused by germs, such as diseases of the heart, the liver, the stomach, the kidneys, etc. They have a great variety of causes. They may be due to accidents which jar and shock the internal organs, and may in some cases cause lesions in them, as, for example, ruptures. They may be caused by excessive use, as by overwork, eating and drinking too much, etc. They may be due to bad food. They may be due to exogenous intoxications caused by poisons which have been taken into the body. Thus excessive use of alcohol may lead to fatty degeneration of the heart and cirrhosis of the liver. Or they may be due to endogenous intoxications which have originated within the body. These intoxications may be due to disturbances of the internal secretions; or to disturbances of cell disintegration; or to defective elimination, so that all of the waste products are not eliminated from the body; or to absorption of excretions, which should be eliminated from the body.

The nervous diseases are, of course, diseases of the nervous system, while the functional diseases are mental derangements and derangements of conduct which accompany the mental derangements. These so-called functional diseases are due usually if not always to pathological nervous conditions. However, there is more or less difference of opinion as to the extent to which the functional diseases are independent of the nervous diseases. Inasmuch as these diseases cause pathological mental states, we shall discuss them in the next chapter.

The zymotic diseases are those caused by microörganisms usually called germs or microbes. These are minute parasitic plant and animal organisms technically called bacteria of which there are three types, namely, the spirilli, the bacilli, and the

cocci. They invade the human organism and many of the other higher animal organisms. Most of the commoner human diseases, such as typhoid fever, pneumonia, diphtheria, scarlet fever, colds, bronchitis, small pox, tuberculosis, syphilis, measles, malaria, etc., are zymotic diseases. Many of the germs have already been isolated and described, and many others doubtless still remain to be discovered. These germs invade the human organism and if not destroyed remain there to derive their subsistence from the body of their host and to breed therein, usually very prolifically.

It is true of many of these germs that each kind of germ will ordinarily attack only certain parts of the body. Thus certain germs attack the throat, other germs attack the lungs, etc. This is doubtless due, in most cases, to the fact that each kind of germ can subsist best on a certain kind of tissue, which it therefore seeks. Various pathological states are caused by these germs, such as fever, inflammation, the formation of sores, etc.

We can now see that the lines between these three groups of diseases are by no means hard and fast. Thus, while we have called the first group organic diseases, it is evident that many of the nervous and the zymotic diseases are also organic in the sense that they are diseases of organs. For example, among the nervous diseases we have most if not all of the many kinds of insanity; the neuroses such as epilepsy, neurasthenia, hysteria, psychasthenia, etc.; while we may be justified also in including such habits as inebriety, the use of drugs, etc., since in many of these cases the habit is owing to pathological conditions of the nerves. Many of these diseases are due to pathological states of the brain, and can therefore be called organic diseases. In similar fashion many of the diseases caused by germs are diseases of organs. Thus tuberculosis is mainly a disease of the lungs. However, this classification is a convenient one to use because of the great differences between the causes of these three groups of diseases, and also between their methods of treatment.

## Causes of Disease

Let us now consider briefly the causes of these diseases. Many of them are frequently called hereditary. For example, many nervous diseases are generally supposed to be hereditary,

and it is customary to speak of such diseases as tuberculosis and gout as being hereditary. It is obvious that no zymotic disease could be inherited, since such a disease is caused by infection from an outside force, namely, the germ, and this infection could not take place until after conception.[1] Furthermore, it is probably true that, strictly speaking, no organic or nervous disease can be inherited. The pathological states which characterize these diseases obviously do not exist at the beginning of the life of the organism, but are developed under favorable circumstances in the course of the lifetime of the individual. So that it is very doubtful if the diseases themselves are determined in the germ cell.

It is nevertheless true that each of these three kinds of disease recurs again and again in certain families, thus giving the appearance of being hereditary. In some of these cases it may be due to the recurrence through several generations of favorable environmental conditions for the development of the disease. But in other cases, probably in many of them, it is doubtless due to the inheritance of a tendency to acquire that disease. That is to say, as in the case of many of the physical abnormalities which we have discussed earlier in this chapter, certain traits may be inherited from generation to generation which predispose the individuals possessing them to acquire these diseases under favorable conditions. Thus an individual may inherit an internal organ which is unusually frail, and therefore very likely to

[1] This statement may not be literally true in one respect. Observations have been made which seem to indicate that a germ cell may be infected by a parasitic organism, as, for example, the germ of syphilis, before it has been fertilized, so that infection does take place before conception. But this infection, it must be remembered, is of the unfertilized germ cell. The fertilized germ cell from which the individual is to develop acquires it, so to speak, from the unfertilized germ cell at the moment of conception, or immediately after. So that the disease is not being inherited, but is acquired. There is no unit character in the germ cell which determines the disease of syphilis or any other zymotic disease, and only when these conditions are fulfilled can a character be said to be inherited.

This infection of the unfertilized germ cell has so far been observed, I believe, only in syphilis and tuberculosis. The pathogenic organism passes from the maternal organism in the maternal blood through the placental circulation to the germ cell. (See G. F. Still, *Congenital Syphilis*, in *A System of Syphilis*, edited by D'Arcy Power and J. Keogh Murphy, London, 1908, Vol. I, p. 286; C. Levaditi and J. Roché, *La syphilis*, Paris, 1909, pp. 305–9.)

become the seat of an organic disease later on in life. Or certain tissues may be unusually sensitive, and therefore very likely to be infected by certain germs. Or the nervous system, or certain parts of it, may be neuropathic. That is to say, it may be unusually sensitive, or for some other reason it may be very prone to succumb to the forces which give rise to nervous diseases.

Consequently it is doubtless true that through these predispositions heredity plays an important part in the causation of disease. For this reason disease may be an important selective factor, for there may be a constant tendency towards the elimination of those inheriting these predispositions.[1]

Turning from the hereditary causes of disease we find, as we have already noted, that one of the most important causes of disease in the environment of human beings is constituted by pathogenic germs. These germs are borne through the air by means of dust particles, are transmitted through water, are carried by some insects, and are distributed in various other ways. There are usually a large number of them in every vicinity. Their success in causing disease depends upon their effecting an entrance into the organism, and then upon the failure of the organism to resist the invasion. This failure is due ordinarily to the weakened physiological condition of the organism.

In addition to the pathogenic germs there are many other factors in the environment which, while not all of them are direct causes of disease, are at least favoring conditions and circumstances for the development of disease. It will be possible to mention these only in a very general way. Unsanitary conditions have much to do with causing disease. This may be either through spreading pathogenic germs or through weakening the physiological condition of the organism. For example, lack of proper ventilation may lead to disease. This may be because the air becomes infected with germs. Or it may be because the air does not contain the right combination of chemical elements, so that the lungs and the rest of the body are weakened. Filth of all kinds may lead to disease either by carrying infection or, if it enters the body, by acting as a noxious force therein. Malnutrition is an important factor in the causation of disease.

[1] G. Archdall Reid has made much of the selective power of disease in his writings. See his *Principles of Heredity*, *Laws of Heredity*, etc.

This occurs either through eating too much, or eating too little, or eating the wrong kinds of food. Thus the organism is injured and weakened and made ready for the outbreak of disease.

Various bad habits may prepare the way for disease. For example, continuous overwork is very likely to cause organic or nervous diseases. This it does by wearing out certain tissues of the body, by causing endogenous toxic fluids due to fatigue, etc. Habits of reclining, sitting, or standing in certain positions in which the internal organs are compressed or placed in unnatural positions prepare the way for disease.

## Occupational Diseases

Favorable conditions and circumstances for the development of disease may occur in the home, or in the course of economic activity. Many of the occupations of today, as in the past, give rise to diseases which in some cases are peculiar to them. Some of these diseases are more or less inevitable results of the occupations. In other cases they may be prevented by changing the conditions under which the occupation is carried on. A great deal of study is now being devoted to these occupational or industrial diseases and we will note briefly their nature and causes.

Some of these diseases are due to irritant substances, such as toxic metals, gases, vapors, fumes, acids, dusts, fibers, etc., which irritate and injure sensitive tissues. Others are due to factors in the environment, such as bad air; too high or too low temperature; too much or too little light; excessive or sudden changes in temperature, light, or density of the air; electricity; etc.

Some of the diseases caused by these factors are the following. Lead poisoning or plumbism is caused by the metal lead. It involves abdominal pain; the "wrist drop," which is caused by paralysis of the muscles at the back of the wrist; etc. It attacks painters, because of the lead in paint; lead miners; makers of white lead; file cutters, because the file rests on a block of lead while being cut, thus causing a dust of fine particles of metallic lead which is breathed in by the workers; glass polishers, because the putty powder used by them contains about 70 per cent

of oxide of lead; workers at type-founding and compositors; etc. Furthermore, lead poisoning will attack any one who imbibes lead in water or in any other liquid, as, for example, when there is a solution of lead in water which attacks the lead in water pipes and dissolves some of this lead.

Mercurial poisoning, which causes tremors of the hands, etc., may attack miners of mercury ores; makers of mirrors, when made of mercury; makers of felt hats, when a dilute solution of mercury is used in brushing the skins from which the hats are made; etc.

Phosphorus poisoning is very likely to occur when white phosphorus is used in the making of matches. The principal result from this form of poisoning is necrosis of the jaw or death of the bone of the jaw, popularly known as "phossy jaw." Chronic phosphorus poisoning may lead also to brittleness of the limb bones. Another form of phosphorus, red phosphorus, is not poisonous. Fortunately laws have been passed in most civilized countries forbidding the use of white phosphorus in making matches, so that with the enforcement of such laws phosphorus poisoning ought to disappear.

"Caisson disease" is due to increased pressure of air, or perhaps more particularly to a too sudden reduction of the pressure. It is liable to attack those who work in diving bells or in caissons which are sunk into the beds of rivers and in which the atmospheric pressure is made very great in order to keep the water out. "The most common symptom is some form of paralysis. This appears to be produced by too sudden a reduction of pressure, which seems to cause gases to be given off in the liquids and tissues of the body, doing much damage. Fat especially appears to absorb a great deal of gas at the higher pressure." [1]

"Writers' palsy" or a cramp of the hand is liable to attack those who write a great deal and also sometimes telegraphers, piano players and others who use certain muscles to an excessive degree.

Certain occupations give rise to peculiar neurotic states spoken of as occupation neuroses, and there are numerous other occupational diseases. Furthermore, excessive fatigue, exposure to infection, etc., in any industrial activity may lead to disease in the ways which have been discussed.

[1] W. Evans, *op. cit.*, p. 33.

## Extent of Industrial Accidents and Diseases

Industrial accidents have been defined as "casualties occurring chiefly among wage-earners employed in industrial pursuits, this term including all manufacturing and mechanical industries and trade and transportation." [1] It is impossible to determine the exact number of such accidents.

The U. S. Bureau of Labor Statistics has recently published an estimate which furnishes the most reliable information available on the subject. "The probable approximate number of fatal industrial accidents among American wage-earners, including both sexes, may be conservatively estimated at 25,000 for the year 1913, and the number of injuries involving a disability of more than four weeks, using the ratio of Austrian experience, — at approximately 700,000." [2] But these figures by no means indicate the total number of accidents. "The Bureau of Labor Statistics found in the study of some 10,000 accidents in the iron and steel industry, involving disability of one day and over, that the disability terminated in 41.2 per cent in the first week, in 59.8 per cent in two weeks, in 77.7 per cent in four weeks, and in 93.1 per cent in 13 weeks." [3] If the iron and steel industry is at all representative of industry in general in this respect, these figures indicate that the total number of industrial accidents in this country which involve disability of one day and over may approximate four million.

Rubinow has attempted to measure the extent to which industrial accidents give rise to disability. He estimates that "there occur in the United States annually some 30,000 fatal industrial accidents, about 200,000 accidents leading to permanent disability, of which nearly 60,000 are cases of actual loss of part of body, and about 100,000 resulting in disability of under 25% and another 50,000 in disability of 25 to 50%, and the remainder cause disability of over 50%. In addition, some 170,000 accidents are serious in that the disability lasts over three months, but eventually they result in complete recovery, especially if economic conditions favor it. What amount of distress and mental anguish for the victims and their dependents, what amount of economic waste these gruesome figures represent, the reader need not be told." [4]

[1] F. L. Hoffman, *Industrial Accidents*, Bul. of the U. S. Bur. of Labor, No. 7, Sept., 1908, pp. 417–8.

[2] F. L. Hoffman, *Industrial Accident Statistics*, Bul. of the Bur. of Labor Statistics, No. 157, March, 1915, p. 6.

[3] *Op. cit.*, p. 7.

[4] I. M. Rubinow, *Social Insurance*, New York, 1913, p. 68.

In similar fashion it is impossible to estimate the exact number of cases of trade or occupational diseases. It is usually easy to diagnose as occupational in its origin a case of lead poisoning or plumbism. But it is frequently difficult to do so in the case of such a disease as tuberculosis which may be due to various causes.

Hoffman has attempted to estimate the extent to which tuberculosis is caused by occupational factors by comparing the death rate from tuberculosis among wage-earners with the rate among other classes. He came to the conclusion that if by means of factory inspection and control the sanitary conditions in factories and workshops could be greatly improved there would have been in 1908 "an annual saving of approximately 22,238 human lives. . . . Such a gain would represent a total of 342,465 years of additional lifetime, and by just so much the industrial efficiency of the American nation would be increased. If we place the economic value or net result of a year's lifetime at only $200, the total average economic gain to the nation would be $3,080 for every avoidable death of a wage-earner from consumption, representing the enormous total of $68,493,000 as the aggregate annual financial value in the probable saving in years of adult human life." [1]

Industrial accidents and diseases are responsible for a good deal of poverty and pauperism. It goes without saying that they can never be eliminated entirely, but they can be greatly reduced in amount and we shall discuss later in this book the means by which this reduction can be effected. Furthermore, the weight of the burden of poverty imposed upon the victims of these accidents and diseases and those dependent upon them can be lightened in ways which we shall discuss.

## Abnormal and Pathological Bodily States as Causes of Poverty

We have now discussed briefly the abnormal and pathological states of the body and their causes. It goes without saying that practically all of these conditions cause suffering to their victims,

[1] F. L. Hoffman, *Mortality from Consumption in Dusty Trades*, in the Bul. of the U. S. Bur. of Labor, No. 79, Nov., 1908, p. 832. For further data on occupational diseases see Thos. Oliver, *Diseases of Occupation*, New York, 1908.

and frequently to others as well. It is obvious that in most of these cases the victim is incapable of working, and is therefore rendered temporarily if not permanently dependent economically, while if he has others dependent upon him they also are likely to become economically dependent. Thus physical deformity and disease become potent forces for poverty and pauperism. Unfortunately it is impossible to estimate accurately the extent to which these pathological bodily states cause pathological social conditions.

An experienced observer of these conditions in New York City has expressed his opinion on this point as follows: "Ill health is perhaps the most constant of the attendants of poverty. It has been customary to say that twenty-five per cent of the distress known to charitable societies is caused by sickness. An inquiry into the physical condition of the members of the families that ask for aid, without for the moment taking any other complications into account, clearly indicates that whether it be the first cause or merely a complication from the effect of other causes, physical disability is at any rate a very serious disabling condition at the time of application in three-fourths—not one-fourth—of all the families that come under the care of the Charity Organization Society, who are probably in this respect in no degree exceptional among families in need of charitable aid." [1]

But it goes without saying that the physical infirmity which is the immediate cause of poverty in many cases is not a spontaneous phenomenon and frequently has a long train of causes back of it. So that it is necessary to go far afield in our search for such causes, and we shall be touching upon these causes at many points in this book. And it is impossible to treat intelligently, much less to prevent these infirmities without a knowledge of these causes. Thus if they are hereditary, the only way to reach them is to breed them out. If they are pre-natal, the condition of the pregnant mother must be studied and improved. If they arise in the home life and domestic surroundings, these must be studied and dealt with. If they are due to the environment or nature of industrial activities, these must be regulated so as to eliminate as far as possible these pathogenic features. Thus our

[1] E. T. Devine, *Misery and Its Causes*, New York, 1909, p. 54.

study involves the study of human breeding; of domestic life; of economic organization and activities; and of political organization, regulation, and control. For this reason, therefore, as well as in order to study the other causes of pathological social conditions, most of this book will be devoted to these subjects.

## CHAPTER V

## PATHOLOGY OF THE MIND

Nervous and functional diseases — Types of mental infirmity — Amentia and mental deficiency — The physical basis of amentia — The idiots — The imbeciles — The morons — Dementia and insanity — The physical basis of dementia — Types of insanity — The neuroses — Epilepsy — Neurasthenia — Hysteria — Psychasthenia — Abnormal habits — The morbid basis of abnormal habits — Extent of mental infirmity.

We come now to the abnormal and pathological mental phenomena which lead to poverty and its attendant evils. The subject is a difficult one because it is frequently difficult to ascertain the exact nature and causes of mental infirmity. We shall be able to discuss briefly only a few of the more important forms of mental infirmity.

### Nervous and Functional Diseases

As we have noted in the last chapter, mental infirmity arises out of nervous and functional abnormalities and diseases. Functional disorders arise almost always if not always out of pathological neural conditions, and they almost invariably involve mental infirmity. Psychiatry is indeed little if anything more than the study of the mental disturbances caused by nervous and functional diseases. We shall discuss presently the evidence of the neural basis of mental infirmity.

But we must refer first of all to the nervous diseases which do not give rise to mental functional disturbances. There are a great many of these diseases and of abnormal neural states. If, for example, the nerves connecting the organs of a sense with the central nervous system suffer injury from a lesion or in any other way, it is very likely to impair and sometimes to destroy the sense entirely. Thus blindness or deafness may arise, but is usually not accompanied by any mental disturbance. If the sensory nerve fibers connecting a certain part of the body with the central nervous system are injured, the victim may no

longer feel sensations in that part of the body. Or if the motor nerve fibers are injured, he may lose the power of voluntary movement in that part of the body. Thus a great many different kinds of paralytic states arise, many of which are not accompanied by any mental disturbance. The loss of motor control may lead to deformations of various kinds, or to involuntary movements of one sort and another. Many of the deformations referred to in the last chapter, which in some cases cripple the individual, are due to abnormal and pathological states of the nerves. Injuries to certain nerves give rise to neuralgic and neuritic pains, and many other nervous diseases might be mentioned which are not necessarily accompanied by mental disturbance. It is evident, in view of the extent to which the nervous system controls the movements of the body, that any injury to the nerves from accidents or disease is likely to produce deformations and other abnormal and pathological bodily states. But if the mind still remains normal, these states come under the head of the pathology of the body.

## Types of Mental Infirmity

Let us now turn to the different kinds of mental infirmity. Many classifications of them have been made, and in the present stage of the study of the subject it is difficult to devise one which is satisfactory from the scientific point of view. But for our own practical purposes the following one will do well enough, even though the divisions in it are by no means entirely mutually exclusive, and the classification can be criticized in other ways from a scientific point of view.

1. Amentia.
2. Dementia.
3. Insanity.
4. Neuroses.
5. Alcoholism, drug habits, etc., due to abnormal appetites.

The difference between the first two types is that in amentia we have a state of subnormal cerebral development, that is to say, the brain never develops fully, so that the mind is always seriously deficient; while in dementia there is a state of cerebral dissolution, that is to say, after the brain has developed it degenerates, thus giving rise to mental deficiency. These types

of mental deficiency have been defined by two authorities in the following words. Bolton defines amentia as "*the mental condition of patients suffering from deficient neuronic development.*" He defines dementia as "*the mental condition of patients who suffer from a permanent psychic disability due to neuronic degeneration following insufficient durability.*" [1] Tredgold defines amentia as "a state of restricted potentiality for, or arrest of, cerebral development, in consequence of which the person affected is incapable at maturity of so adapting himself to his environment or to the requirements of the community as to maintain existence independently of external support." Dementia he defines as "the result of neuronic degeneration." [2]

## Amentia and Mental Deficiency

Amentia is the condition of those who have been variously called the feeble-minded, the imbeciles, the idiots, etc. These terms have by this time acquired more or less definite meanings, which will be indicated presently. Much study has been devoted to the physical characters of those afflicted with amentia as a result of which a vast amount of data has been accumulated, showing that, whatever the degree of amentia, it is always based upon a brain which has not developed fully, and in many cases is accompanied by other abnormal physical phenomena.

Speaking of these abnormalities in the more serious form of amentia, Sherlock says:—"If one observes a group of idiots, one finds that they display bodily abnormalities in great variety and in much higher proportion than would a group of persons of corresponding social status and of sound mind. Poor general development; deformities of head, trunk and limbs; irregularities of muscular action, *e. g.*, paralysis, spasm, or inco-ordination; defects of the organs of special sense and of speech, are common. After death the viscera may be found to be of less than normal weight and to present structural differences from the organs of healthy persons. The brain in particular may display, in some cases to the unaided eye and in some cases under the microscope, wide departures from the standard of normality which anatomy has provided us with." [3]

[1] J. S. Bolton, *The Brain in Health and Disease*, London, 1914, p. 137.

[2] A. F. Tredgold, *Mental Deficiency (Amentia)*, 2d. ed., New York, 1914, pp. 8 and 9.

[3] E. B. Sherlock, *The Feeble-Minded*, London, 1911, pp. 92–3.

Tredgold characterizes the physical basis of amentia as follows:— "The essential basis of amentia is an imperfect or arrested development of the cerebral neurones, a fact which is now established beyond doubt by careful microscopical examinations conducted by numerous competent observers." [1]

Bolton characterizes the physical basis still more specifically. He says that in amentia there is "a subnormal development of the cortex cerebri which, except in the severer grades, is limited to the pyramidal or outer cell-lamina of the cortex; and, from that of morbid anatomy, in possessing an average brain weight which is below that of the normal adult average, in association with normal cerebral membranes, vessels and intracranial fluid." [2]

These citations must suffice as indicating the physical basis of amentia.[3] The discussion of its causes we shall take up presently. Before doing so let us consider the different kinds of amentia. We can classify amentia first with respect to degree. There is much variation in the degree of amentia, ranging all the way from a mentality not very much below the normal down to an almost total absence of mentality. In fact, theoretically the range is from utter lack of mentality to normal mentality. But aside from a few of the worst monstrosities, which may be totally lacking in mentality, there are no human beings that are entirely deprived of mentality, while there is a certain range of variation around the average mentality which is regarded as normal.

It has become customary to classify those suffering from amentia into three main classes, namely, the idiots, the imbeciles, and the feeble-minded. The degree of mental deficiency of each of these groups in relation to the others is indicated by the age grouping into which they have been divided by mental tests. Since psychological tests of mentality have been introduced it has become customary to classify as idiots those who display a mentality like that of infants from one or three years of age, as imbeciles those who display a mentality like that of children from three to seven years of age, and as feeble-minded those who display a mentality like that of children from seven to twelve

[1] *Op. cit.*, p. 74. [2] *Op. cit.*, p. 161.

[3] In numerous neurological works and journals, and especially in the files of *Brain*, may be found an abundance of material on the physical basis of amentia and other forms of mental infirmity.

years of age. It goes without saying that the adults of deficient mentality cannot be exactly like children. Physically they have matured and differ greatly from children. Consequently they must differ somewhat mentally also, since the physical development is bound to react upon the mental condition. For example, the development of the sexual nature is bound to arouse feelings which the child cannot have. But in most mental traits these mental defectives are like children. This is especially true of the intellect, which in its lack of knowledge and limited capacity is like that of the child.

It is impossible to draw any hard and fast lines between these different types of mental defectives, since they merge into each other imperceptibly. Generally speaking, the idiots are those that can be taught nothing, or can be taught only to help themselves a little. Thus the lowest grade of idiot, sometimes called the profound idiot, is incapable of performing any service for himself or any one else, and has to be cared for in every respect. The higher grade of idiot, sometimes called the superficial idiot, can be taught to help himself a little. Thus he may learn to feed and to dress himself. But he is incapable of performing any service for any one else, and of acquiring even the rudiments of an education. The idiots are sometimes classified as the apathetic and the excitable, according to the temperamental characteristics which they display. The apathetic are apparently incapable of experiencing any strong feeling, while the excitable sometimes display such feelings, as, for example, that of anger.

It is obvious that the idiots form a group of helpless and totally dependent persons who must be cared for throughout their lives by their families or by the community. Owing to their subnormal cerebral development, it is hopeless to expect them to improve under any sort of physical or mental treatment. In every well regulated community provision is made for their permanent support and guardianship.

The imbeciles display greater variation amongst themselves. The lowest grade can help themselves to a certain extent, and may be trained in very simple manual occupations, but are capable of very little if any mental training. Passing up through the middle to the high grade of imbeciles, the capacity for training in industrial occupations increases considerably while a certain amount of mental training becomes possible. But the in-

dustrial and mental acquirements of the imbecile can never be so great as to permit of any degree of independence, so that the imbecile should always remain under close supervision and protection. Also it is hopeless, as in the case of the idiot, to expect a cure, and the most that can be hoped for is to develop a capacity and mentality which may approximate that of a child of seven.

The feeble-minded form the highest group of the mentally deficient. Goddard has named them morons which is perhaps a better name for them than the term feeble-minded, since this term is sometimes applied to all those who are mentally deficient. Tredgold has suggested that this type of mental deficiency be called *morosis*. The morons are usually divided into the low, middle, and high grade types. Many of them, especially of the higher grades, are fairly normal in their mental processes, so far as these processes go. But their mentality is limited, and approximates at best that of a child of twelve. With special training they may acquire considerable skill in manual and industrial occupations, so as to become fairly productive and useful individuals. But owing to their limited mental ability, they are hardly capable of meeting the more complex situations of life, and are in danger of being imposed upon and mistreated. Furthermore, their mentality is likely to degenerate and give way under severe stress, such as excitement, over-stimulation, or illness; so that they are in danger of becoming more deficient mentally, and in some cases of becoming insane. So that the morons also need a certain amount of custodial care. It is hopeless to expect to cure them in the sense of developing their mentality beyond the limits stated above, but under proper supervision they can be protected from misfortune and can lead fairly useful lives.

The preceding discussion has given a brief description of the characteristics of the mentally deficient or aments, as they are sometimes called, which tend to unfit them for normal social life and to make them dependent. Unfortunately there is not the space to describe them at greater length. For example, it would be interesting and valuable, in connection with what has already been said with regard to the physical basis of mental deficiency, to discuss further the physical characteristics of the aments. Some of their physical abnormalities undoubtedly are causes of their mental deficiency. Thus in the case of the mi-

crocephalic and hydrocephalic types, the mental deficiency is doubtless due, in the one case, to the smallness of the skull which has restricted the growth of the brain, and, in the other case, to the accumulation of fluid in the cranium which has restricted the growth of the brain or interferes with its proper functioning. In similar fashion the mental deficiency of the cretin is doubtless due to the cretinous condition. In the cretin, owing to a defect of the thyroid gland, which has much to do with growth, the body fails to grow beyond a more or less infantile state. Probably as a direct result of this, there is also subnormal cerebral development, so that the cretin is very deficient mentally.

On the other hand, in the case of certain other physical abnormalities the mental deficiency probably or certainly is not due to the physical abnormality. For example, some writers distinguish Mongolian, negroid, and American Indian types, because of resemblances between the facial traits of these aments and the ethnic types. It is obvious that this is a very superficial basis for classification, and that the mental deficiency could not be due to these external physical characteristics. In the plegic types of mental deficiency, where the ament is suffering from some form of paralysis, the mental infirmity is not necessarily due to the paralysis, but may be a common result of an abnormal and pathological condition of the nervous system.

## Dementia and Insanity

Let us now turn to the discussion of dementia and insanity. These two forms of mental infirmity must be studied together, because they are in large part if not entirely identical. Dementia we have already defined as due to neuronic degeneration. Insanity is a rather vague and therefore difficult word to define. It obviously suggests the absence of sanity, which is an abnormal mental state. But if it includes all abnormal mental states it must include amentia, dementia, etc.

Tredgold defines insanity as "the clinical manifestation of a disturbance or perversion of neuronic function, which may or may not terminate in degeneration." [1] According to this definition insanity

[1] *Op. cit.*, p. 9.

is a derangement of thinking and conduct due to a pathological state of the nervous system which may lead to a degeneration of the nervous system which would give rise to dementia. Bolton defines as a necessary precursor of dementia what he calls "mental confusion," which includes "the mental symptoms which occur in association with certain pathological states of the cortical neurones which may be followed by the recovery or by a more or less extensive dissolution of these elements." [1] Both of these authorities apparently think that insanity may exist without dementia but that insanity may develop into dementia. In this case also, it goes without saying, the insanity still remains; for it is the name for the functional disturbance which arises as a result of a pathological neural state, which may consist of neuronic degeneration or may be merely a more or less temporary neural perversion. It is a technical neurological question as to whether or not neuronic degeneration always is present in a case of insanity. Further research will help to decide this with finality. It may even be that mental states sometimes exist which simulate insanity and yet have no neuropathological basis. This might happen where, owing to a very peculiar environment and training, an individual had acquired ideas and modes of conduct varying very greatly from those of the normal sane person, so as to give the appearance of insanity. But this would be a purely "functional" derangement without any anatomical and physiological basis, and would not be a case of insanity in the strict sense of the word.

There are many forms of insanity, so that it will be impossible to mention them all here. In fact, insanity may manifest itself in the form of a serious derangement of any part of the mental makeup. For example, there are the forms of insanity which have been grouped in recent years, following the classification of Kraepelin, under the types of melancholia, and maniacal-depressive insanity. These types manifest themselves under the forms of depression and profound melancholia, and various maniacal forms.[2] Paranoia is a type of insanity in which the afflicted person appears to be lucid on most subjects, but displays more or less systematized delusions on certain subjects. The different kinds of insanity may be classified with respect to their causes and the phenomena with which they are associated. Such a classification is certain to cut across a classification on the basis of the form which the insanity takes. For example, there is

[1] *Op. cit.*, pp. 138–9.
[2] See E. Kraepelin, *Lectures on Clinical Psychiatry*, New York, 1913.

the insanity which sometimes arises in connection with child birth. There is the insanity which arises as a result of extreme alcoholism, morphinism, etc. There is the insanity which is associated sometimes with the neuroses which will be discussed later. Insanity may arise as a result of a traumatic lesion or of a disease.

In similar fashion there are various kinds of dementia. For example, there are the kinds of dementia connected with the age periods.[1] Dementia praecox or premature dementia is the kind which frequently arises in childhood, adolescence, or early adult life. There is mature dementia which arises during adult life. There is presenile dementia which arises in connection with the climacteric. There is senile dementia which arises during old age and sometimes earlier. Then there is the fatal dementia paralytica or general paralysis which may come at different periods of life, and which in course of time blots out all mental activity.[2]

Insanity and dementia must inevitably lead to a great many pathological social phenomena in the form of dependency, broken homes, etc. In the first place, they sometimes take forms in which the victim becomes dangerous to others by committing violent and other criminal acts. In such cases it becomes necessary to put the insane and dements under restraint. But even when not dangerous to others the insane and demented are more or less unfit for normal social life, and incapable of caring for themselves. So that they have to be under care and supervision, and in most cases are entirely dependent.

## The Neuroses

The neuroses are more or less general neuropathic states which may or may not accompany the pathological mental states which we have been discussing. Four of these neuroses have now been distinguished and described, though their nature is still rather obscure. These are epilepsy, neurasthenia, hysteria, and psychasthenia.

Epilepsy was the first neurosis to be distinguished and has long been recognized as a nervous disease. It manifests itself

[1] *Cf.* J. S. Bolton, *op. cit.*
[2] *Cf.* R. H. Cole, *Mental Diseases*, London, 1913.

in various forms. In its milder forms it may involve only a momentary loss of consciousness, or a feeling of giddiness, or even a fainting spell. In its severer forms it involves convulsive fits, usually accompanied by loss of consciousness and various distressing experiences. The life of the epileptic is frequently one of mental deterioration and degeneration. Even though epilepsy has been long known, its causes still are obscure. It has been suggested that it is due to an imperfect or an enfeebled condition of certain nerve centers which gives rise to an insufficient or an ill-regulated supply of nervous energy, which is given off irregularly in an explosive fashion.[1] But whatever its causes may be, it varies considerably in its effects. In some cases it causes its victims little inconvenience. It has, in fact, been true that some persons who have achieved a great deal have been at least slightly epileptic. But in many cases epilepsy causes its victims much injury. Sometimes it leads the epileptic to commit violent and other criminal acts, thus making it necessary to put him under restraint. In other cases the epileptic is not dangerous to others; but on account of the nature and frequency of his fits and the other manifestations of his disease, he is able to accomplish very little or nothing, and thus becomes partly or wholly dependent. Consequently there are many epileptics now being cared for in private homes and in institutions.

Neurasthenia is the neurosis in which there is a general state of nervous debility. Many of those who are said to be suffering from nervous prostration doubtless are neurasthenics. Its exact nature and causes are very obscure, but its effects are evident in many cases. When the neurasthenia is complete, it incapacitates the neurasthenic from doing any work whatever. In other cases it lessens considerably the working capacity. In some cases it probably is one of the causes of mendicancy, vagrancy, and criminality.

Hysteria is a neurosis very difficult to define, because it manifests itself in so many forms. Probably usually, if not always, it involves a dissociation of some of the mental states from the rest. In many cases this dissociation leads to conflicts within the personality which cause much mental distress, and which in

[1] *Cf.* M. W. Barr, *Mental Defectives*, Philadelphia, 1904, chap. X. This is obviously an extremely vague and inaccurate statement. But at present it is impossible to state the causes of epilepsy more precisely.

their more serious forms may lead to insanity and acts of violence. In some cases it leads to amnesia in certain parts of the memory, and in a few cases has led to multiple personality. In its milder forms hysteria may not cause the hysteric much inconvenience. But in its more severe manifestations it may lead to the forcible restraint of the hysteric, or may unfit him to so great an extent for work and for normal social life as to make him partly or completely dependent.

Psychasthenia is the name given by Janet to the curious mental states called the "phobias." A person suffering from a phobia has an abnormally great fear of something which need not be feared at all or as much as the psychasthenic fears it. Thus he may suffer from agoraphobia or the fear of open spaces, or from claustrophobia or the fear of closed spaces, or from pyrohobia or the fear of fire, etc. In its milder forms psychasthenia may not inconvenience its victim very much. But in its severer forms it may dominate the life of its victim, and in some cases it leads to insanity. Consequently some persons are rendered dependent by this neurosis.

### Abnormal Habits

The last group of pathological mental states in our classification is that represented by such abnormal habits as alcoholism, morphinism, and other drug habits. There are a great many of these habits. Whenever a person uses a narcotic or stimulant to an excessive degree, such a habit exists. Consequently there can be as many of these habits as there are narcotics and stimulants. Thus the habit may consist in the excessive use of tea, coffee, tobacco, alcohol, morphine, opium, cocaine, chloral, belladonna, hashish, bromides, chloroform, ether, etc. It goes without saying that the habit itself is not the mental disease. Nor does it necessarily indicate the presence of a mental disease. This depends upon how the habit was acquired. A person may be engaged in an occupation in which the strain upon him is so great that he is under strong temptation to indulge in stimulants. Or, owing to disease or accident, he may be suffering from a great deal of pain, which gives him strong inducement to indulge in narcotics. Or there may not be even this much physiological and neural basis for acquiring one of these habits, but the victim

of the habit may be in an environment in which there is great social pressure to indulge in the use of one of these injurious substances. In any one of these ways and of many others which might be mentioned, a person may acquire one of these habits without having a previous morbid mental basis. But after acquiring the habit the excessive use of the stimulant or narcotic may and in many cases does cause a pathological neural condition, which in turn gives rise to a mental disease. But this is not necessarily the case, since some persons indulge heavily in these noxious substances without becoming mentally diseased, however much physical injury it may do them.

In other cases the acquiring of the habit is preceded by a morbid mental and neural condition which proves to be a good basis upon which the habit may grow. Just what this condition is we cannot tell exactly. But presumably the nerve centers are sensitive in such a way or to such a degree that the stimulant or the narcotic gives an unusual amount of satisfaction. Consequently, when the subject makes the acquaintance of the stimulant or narcotic, it arouses in him a desire and craving far exceeding that of the normal person, who may desire it only to a moderate degree or not at all. Failure to overcome this craving results in the establishment of the habit, which is certain to increase the morbid mental and neural condition of the victim of the habit. This is the true psychiatric type of inebriate and "dope fiend," namely, the person who has acquired one of these habits because of a pre-existing morbid state. This state probably varies considerably in different cases, and frequently resembles the basis of the neuroses, insanity, and the other forms of mental infirmity.

Thus the pathological mental states referred to in our classification of pathological mental states are those which in some cases give rise to these abnormal habits and in other cases result from these habits. The reason for classifying them together is not neurological, for in a strictly scientific classification they would be distributed through several classes. But for social reasons it is convenient to class together the pathological states which give rise to or result from these injurious habits. These habits do a great deal of harm in various ways. The stimulants frequently lead to acts of violence and other criminal acts. The narcotics also sometimes lead to crime, though usually of a

different type. Excessive use of any one of these noxious substances for a long time is almost certain to wreck the health of the victim of the habit and to destroy his usefulness, thus leading to dependency.

## The Extent of Mental Infirmity

It is very difficult to make an estimate, which is at all accurate, of the number of the mentally infirm in this country. The Census Bureau has reported that on January 1, 1910, there were enumerated 187,791 insane in hospitals, and 20,731 feeble-minded (idiots, imbeciles, and morons) in institutions.[1] It is obvious that the insane are much more likely to reach an institution than the aments, either because the ament is less likely to be recognized as such, or because he can be tolerated more easily outside of an institution than a dement. So that the figure for the feeble-minded in institutions doubtless falls far short of the actual number of aments in this country, while the figure for the insane in hospitals must be considerably below the number of insane and dements in this country.

The most careful census, probably, which has ever been taken of the mentally infirm in any country was a census made recently by a British Royal Commission. After gathering all the available information this commission estimated that there were in England and Wales on January 1, 1906, 126,827 insane and dements, or 3.66 to every 1000 of population; and 138,529 aments, or 4.03 to every 1000 of population. It is interesting to note that the imbeciles greatly outnumber the idiots, while the morons greatly outnumber both imbeciles and idiots. There were 8,654 idiots, 25,096 imbeciles, and 104,779 morons.

Furthermore, there is much reason to believe that in addition to the insane, dements, and aments, there is a much larger number of the so-called "borderline" cases. These are the individuals who are slightly deficient or morbid mentally, but not enough so to be classed among the mentally infirm. There is little doubt that many of these individuals, owing to the economic inefficiency and social inadaptability which arise out of these slight mental defects, become paupers, vagabonds, and

[1] *Insane and Feeble-minded in Institutions, 1910*, Bul. 119, Washington, 1914.

criminals of certain types in our social system which is not yet well enough organized to provide suitable positions in life for these individuals.[1] Later in this book we shall discuss the problem of making suitable provision for these individuals.

Assuming that conditions in this country with respect to mental infirmity are the same as in England, there are, on the basis of a population of 100,000,000 in 1915, at least 350,000 insane and dements, and 400,000 aments in this country, to say nothing of the "borderline" cases.[2] This estimate, though crude and perhaps rather inaccurate, gives some indication of the gravity of the problem of mental infirmity in this country.

[1] For a discussion of these "borderline" cases see E. Kraepelin, *op. cit.*, lectures 29 and 30 on "Morbid Personalities" and "Morbid Criminals and Vagabonds."

[2] Some of the previous estimates of the number of aments in this country are indicated in the following citation: — "A census of the feeble-minded is very desirable, as the present number in the United States is unknown. The enumeration of 1890 gave 95,000 — undoubtedly considerably less than the actual number. In 1904 the Bureau of the Census estimated that there were 150,000 feeble-minded in the United States. The recent application of definite tests so as to make possible a more rigid classification of the various grades of mentality indicates a larger percentage of feeble-mindedness than was formerly conceded. . . . Goddard estimates that there are 300,000 feeble-minded in the United States. [*The Survey*, Mar. 2, 1912] A recent estimate of the feeble-minded in New Jersey showed 6,063 cases — but the census was probably not entirely complete. But at the same rate there would be approximately 225,000 in the United States. Perhaps the proportion of feeble-minded in the relatively new communities is somewhat less than that in the remainder of the United States, yet there can be no doubt that the total number is considerably above 200,000. (G. B. Mangold, *Problems of Child Welfare*, New York, 1914, pp. 206–7.)

## CHAPTER VI

# THE DISTRIBUTION OF WEALTH AND OF INCOMES

Statistical investigations in the United States by Spahr, the U. S. Bureau of Labor, Nearing, Streightoff, the U. S. Census Bureau, etc. — The distribution of property income — The expenditure of property income — The concentration of wealth — Statistical investigations in Great Britain by Money, Mallock, etc. — Comparison of the United States and Great Britain — Appendix on national wealth and income.

It is indeed difficult to arrive at anything like an accurate estimate of the distribution of wealth and of incomes. Little attempt to do so has been made by the agencies which have the facilities for securing the necessary information. However, the available data furnish us the basis for at least a rough approximation of such an estimate. And even such an approximation is of the greatest value for our purposes. In fact, for some purposes it is almost as valuable as an accurate estimate. For example, if we find that there is a large number of families whose incomes are below a rate so small that it is impossible for them to save anything or more than a very little, it is obvious that we have here a fertile field for the growth of dependency. For as soon as or very soon after such a family is afflicted by such a misfortune as disease, accident, death of the breadwinner, etc., it is bound to become partially or entirely dependent. I shall therefore summarize briefly the most significant data for our study available from the United States, and some of the corresponding data from Great Britain for purposes of comparison.

### Spahr

The first attempt worthy of note to estimate the distribution of wealth and of incomes in the United States was made by Spahr in his work published in 1896.[1] In order to arrive at an estimate of the distribution of property in the United States he

[1] Chas. B. Spahr, *An Essay on the Present Distribution of Wealth in the United States*, New York, 1896.

took the probate records of estates from the surrogate courts in New York City and in certain other parts of New York State for the three months ending December, 1892. On the basis of these records he estimated the distribution of property in the country at large. Inasmuch as the New York records included both urban and rural districts, he believed that they represented quite accurately the distribution in the country as a whole. The final outcome was his estimate of the distribution of property in the United States in 1890, which he stated in the following table: — [1]

SPAHR'S ESTIMATE OF THE DISTRIBUTION OF WEALTH IN THE UNITED STATES, 1890

| *Estates* | *Number* | *Aggregate Wealth* | *Average Wealth* |
|---|---|---|---|
| The Wealthy Classes, — | | | |
| $50,000 and over | 125,000 | $33,000,000,000 | $264,000 |
| The Well-to-do Classes, — | | | |
| $50,000 to $5,000 | 1,375,000 | 23,000,000,000 | 16,000 |
| The Middle Classes, — | | | |
| $5,000 to $500 | 5,500,000 | 8,200,000,000 | 1,500 |
| The Poorer Classes, — | | | |
| Under $500 | 5,500,000 | 800,000,000 | 150 |
| | 12,500,000 | $65,000,000,000 | $ 5,200 |

Spahr's final conclusion with regard to the distribution of property in the United States is as follows: — "Less than half the families in America are propertyless; nevertheless, seven-eighths of the families hold but one-eighth of the national wealth, while one per cent of the families hold more than the remaining ninety-nine." [1]

Turning to the problem of the distribution of incomes Spahr first estimated the total national income. The income from labor he estimated very roughly from various labor and wage statistics. The income from capital he estimated from the figure for the aggregate wealth of the nation, given in the table quoted above as sixty-five billions of dollars, by substracting from it the non-productive wealth (certain kinds of personal property), and then computing interest upon the rest at the rate of seven

[1] *Op. cit.*, p. 69.

per cent. The result of his estimate was that "capital receives two-fifths of the national income; while the labor of all classes, including that of the capitalists, receives three-fifths." [1] He estimated that about the same division of income between capital and labor obtained in Basel, France, Saxony, and the United Kingdom.[2] The distribution of incomes he estimated on the basis of his estimate of the distribution of property already indicated, and various statistics of wages, rents, etc. Though he does not state so specifically, his estimate is presumably for the year 1890, for which he had computed the national income. His results are given in the following table: — [3]

SPAHR'S ESTIMATE OF THE DISTRIBUTION OF INCOMES IN THE UNITED STATES, 1890

| *Family income* | *Number of families* | *Average income from labor* | *From labor* | *Aggregate income From capital* | *Total* |
|---|---|---|---|---|---|
| $5,000 and over | 200,000 | $3,500 | $ 700,000,000 | $2,410,000,000 | $3,110,000,000 |
| $5,000 to $1,200 | 1,300,000 | 1,200 | 1,560,000,000 | 1,330,000,000 | 2,890,000,000 |
| Under $1,200 .. | 11,000,000 | 380 | 4,200,000,000 | 600,000,000 | 4,800,000,000 |
| | 12,500,000 | $ 517 | $6,460,000,000 | $4,340,000,000 | $10,800,000,000 |

Spahr states his conclusions with regard to the distribution of incomes in the following passages: — "If we carry our classification farther, we find that more than five-sixths of the income of the wealthiest class is received by the 125,000 richest families, while less than one-half of the income of the working-classes is received by the poorest 6,500,000 families. In other words, one per cent of our families receive nearly one-fourth of the national income, while fifty per cent receive barely one-fifth." [4] "One-eighth of the families in America receive more than half of the aggregate income, and the richest one per cent receives a larger income than the poorest fifty per cent. In fact, this small class of wealthy property owners receives from property alone as large an income as half our people receive from property and labor." [5]

This investigation led Spahr to the final conclusion that "the dominant forces today are all working toward the concentration

[1] *Op. cit.*, p. 120. [2] *Op. cit.*, pp. 87–92, 120.
[3] *Op. cit.*, p. 128. Given in part as rearranged by F. H. Streightoff in his *Distribution of Incomes in the U. S.*, New York, 1912, p. 69.
[4] *Op. cit.*, p. 128. [5] *Op. cit.*, p. 129.

of wealth in the cities, and the impoverishment of the country districts. In the cities these forces are working toward a yet narrower concentration. The wealth of the cities is as much more concentrated as it is greater than the wealth of the rural districts." [1]

This conclusion is probably true, and Spahr's investigation furnished some evidence in favor of it. But our summary has shown that it was based upon so many assumptions that it is very uncertain so far as Spahr's work is concerned. For example, he assumed that the distribution of property in a part of New York State was typical of the whole country, that families owning property less than $5,000 always had incomes less than $1,200, that families owning property more than $5,000 always had incomes more than $1,200, etc. Furthermore, his classification of income groups was so broad that it gives little indication as to the number belonging to the groups possessing insufficient incomes. However, his work was very suggestive, and has been followed by numerous investigations of rates of wages, productiveness of capital, etc., the more important of which we shall now summarize.

### U. S. Bureau of Labor

In 1904 the U. S. Bureau of Labor published its eighteenth annual report for the year 1903, dealing with the cost of living and the retail prices of food.[2] The Bureau had conducted an investigation of the incomes and expenditures of 25,440 families of wage workers and persons on salaries not exceeding $1,200, for about the year 1901. These families were distributed over thirty-three states, mostly in the industrial centers of these states. They included 24,578 husbands; 25,021 wives; 61,226 children; and 13,283 dependents, boarders, lodgers and servants. The total number of persons in these families was 124,108. The average size of family was 4.88. The heads of these families were engaged in many industries, but the principal industries represented were (in the following order) the hand trades, which include bricklayers, carpenters, painters, etc.; the iron and steel industry; transportation; commerce; domestic and personal service; manufacture of vehicles; and lumber. The incomes of these

[1] *Op. cit.*, p. 158.

[2] *18th An. Rep. of the Commissioner of Labor for the Year 1903*, Washington.

families are summarized in the report as follows: — "The average income from husbands in the 24,402 families having income from husband was $621.12, the average income from wives in the 2,173 families having income from wives was $128.52, the average income from children in the 5,644 families having income from children was $320.63, the average income from boarders and lodgers in the 5,918 families having income from that source was $250.77, and the average income from other sources in the 3,651 families having such income was $92.49, while the total income per family for the 25,440 families was $749.50." [1] It was found that the total expenditure per family was $699.24, so that there was an average amount unexpended per family of $50.26 or 6.71 per cent of the total income. But it was also found that while of the families reporting 50.38 per cent reported a surplus, 16.18 per cent reported a deficit, so that not all of the families were better off at the end of the year reported.

This was an exceedingly valuable investigation for several reasons. It covered a large number of families widely distributed over the country and in the industries. The records seem to have been taken with great care. The cases were taken at random, no principle of selection having been followed. Nevertheless it is quite probable that it was more feasible to secure complete records from the better type of wage-earning families and that, therefore, this group ranges higher than the average. The casual workers and those more or less unemployable would not be likely to appear in such an investigation. Comparison with the results of other investigations which we shall mention confirm this impression. However, this characteristic does not injure the results of this investigation for our purposes, for it places the estimate for the incomes of a large part of the population conservatively high.

### Nearing

Some of the state bureaus of labor furnish wage statistics of value for our study. Nearing has summarized these statistics and some wage statistics from other sources in a recent publication,[1] so that we shall follow his summary.

[1] *Op. cit.*, p. 57.

[2] Scott Nearing, *Wages in the United States, 1908–1910*, A Study of State and Federal Wage Statistics, New York, 1911.

On the basis of these statistics Nearing comes to the conclusion that "not more than one adult male wage-earner in every twenty employed in the industries of Massachusetts receives, in annual earnings, for a normally prosperous year, more than $1000. On the other hand, more than one-third of all the adult males are paid wages under $500; more than one-half receive wages under $600; while nearly three-quarters receive less than $700 annually. These figures are derived from a study, first of the State of Massachusetts as a whole, and second, from the four leading industries. Furthermore, they are maximum figures, for no deduction is made here for unemployment due to sickness, accident, death in the family, or other personal factors." [1] He concludes that "for the State of New Jersey at large, and for the five industries employing the largest numbers of persons, it appears that, after deducting the known unemployment, between one-third and one-half of the adult males received less than $500 in 1909; that from one-half to three-fifths received less than $600; that about three-quarters were paid less than $750; nine-tenths received less than $950; while from one-twentieth to one-tenth received $950 or over. The wages of adult females were very much lower. From three-quarters to four-fifths received less than $400; nine-tenths were paid less than $500, while a vanishingly small percentage received an annual wage of more than $750." [2] He comes to similar conclusions for several other states and localities for which statistics are available.

On the basis of all these data he comes to the general conclusion that "average wages in all industries and for all employees, range from $500 to $600. . . . The average wage of the adult male wage worker in the leading American industries is seldom less than $450 and seldom more than $600 per year. In short, the range is from an average daily wage for the year of $1.50 to $2." [3] Then restricting himself to the part of the country which is of most importance from an industrial point of view, he states that "in view of all the evidence, it is fair to say that the adult male wage workers in the industries of that section of the United States lying east of the Rockies and north of the Mason and Dixon line receive a total average annual wage of about $600;

[1] *Op. cit.*, p. 57.
[2] *Op. cit.*, pp. 72–3.
[3] *Op. cit.*, pp. 144–5.

that this falls to $500 in some of the industries employing the largest numbers of persons, but rises to $700 or even to $750 in a few highly skilled industries. That the average annual earnings of adult females in the same area is about $350, with a very slight range, in the industries employing large numbers of adult females." [1] He emphasizes the lowness of wages in this section of the country by the striking statement that "three-quarters of the adult males and nineteen-twentieths of the adult females actually earn less than $600 a year." [2] While he says nothing about the rest of the country, presumably wages are still lower in the South, but may be somewhat higher in the Far West.

### Streightoff

Streightoff in a recent publication has summarized well some of the data on this subject, and has arrived at certain conclusions which must be noted. On the basis of data from various sources he has prepared a table which may be summarized in the following form: — [3]

Streightoff's Estimate of the Distribution of Incomes in the United States Primarily from Labor, 1904

| | |
|---|---|
| Approximate number of males, 16 years old or over, employed in 1904 | 19,658,000 |
| Number earning under $600 yearly, or under $12 weekly | 12,738,000 |
| Number earning $600, but under $1,000 yearly, $12 but under $20 weekly | 5,315,000 |
| Number earning $1,000 or more yearly, or $20 or more weekly | 1,605,000 |

On the basis of the data represented in the above table and other data which he cites, he comes to the conclusion that "it is reasonable to believe that, in 1904, something over sixty per cent of the males at least sixteen years of age, employed in manufacturing, mining, trade, transportation, and a few other occupations associated with industrial life, were earning less than

[1] *Op. cit.*, p. 208. [2] *Op. cit.*, p. 213.

[3] F. H. Streightoff, *The Distribution of Incomes in the U. S.*, in the *Columbia University Studies in History, Economics and Public Law*, Vol. LII, No. 2, New York, 1912.

$626 per annum, about thirty per cent were receiving $626 but under $1,044, and perhaps ten per cent enjoyed labor incomes of at least $1,000. If to these the agriculturists are added, sixty-five per cent fall in the low-earnings group, twenty-seven in the medium, and eight in the high. Suppose all the men engaged in gainful occupations in 1904, but unaccounted for in this estimate, to have been paid $12 per week or more. This is manifestly impossible, yet, even upon such an assumption, fully one-half of the adult males engaged in remunerative labor were rewarded that year with less than $626." [1]

## U. S. Census Bureau

The United States Census Bureau has furnished a certain amount of wage statistics, some of which we will note at this point. In 1903 it published its special report on *Employees and Wages*, which contains a vast number of detailed facts. These facts are not summarized in such a way as to furnish any more than a very slight indication of wage rates in this country. But in its special report on the census of manufactures taken in 1905 it summarized a large amount of data in such a way as to throw some light on wage rates.

In this investigation[2] were covered 3,297,819 wage-earners, of whom 2,619,053, or 79.4 per cent, were men; 588,599, or 17.9 per cent, were women; and 90,167, or 2.7 per cent, were children. It was found that the average weekly earnings during a selected week for all classes of wage-earners was $10.06; and $11.16, $6.17, and $3.46, were the averages for men, women, and children, respectively. The following table classifies the earnings of the males, 16 years of age and over: — [3]

[1] *Op. cit.*, p. 139.
[2] Census Bureau, *Manufactures*, Part IV, pp. 643–8.
[3] *Op. cit.*, p. 645.

EARNINGS OF MALES, SIXTEEN YEARS AND OVER, ENGAGED IN MANUFACTURE IN THE UNITED STATES IN 1904

| *Weekly wage* | *Number* | *Percentages* | |
|---|---|---|---|
| | | *Actual* | *Cumulative* |
| Under $3 | 56,346 | 2.2 | 2.2 |
| $3 but under $4 | 57,597 | 2.2 | 4.4 |
| $4 " " $5 | 87,739 | 3.4 | 7.8 |
| $5 " " $6 | 103,429 | 4.0 | 11.8 |
| $6 " " $7 | 161,940 | 6.2 | 18.0 |
| $7 " " $8 | 196,981 | 7.5 | 25.5 |
| $8 " " $9 | 207,954 | 7.9 | 33.4 |
| $9 " " $10 | 343,812 | 13.1 | 46.5 |
| $10 " " $12 | 409,483 | 15.6 | 62.1 |
| $12 " " $15 | 450,568 | 17.2 | 70.3 |
| $15 " " $20 | 385,647 | 14.7 | 94.0 |
| $20 " " $25 | 106,046 | 4.0 | 98.0 |
| $25 and over | 51,511 | 2.0 | 100.0 |
| Total | 2,619,053 | 100.0 | |

It is evident from the above table that over one-quarter of these males were earning less than $8 a week, or less than $420 a year; that over 46%, or nearly one-half, were earning less than $10 a week, or less than $520 a year; that over 70%, or nearly three-fourths, were earning less than $15 a week, or less than $780 a year; and that 98% were earning less than $25 a week, or less than $1300 a year.

The investigation I have just summarized is the most extensive single investigation of wages which has been made in this country. It is apparent that Streightoff based his estimate of rates of wages largely upon the results of this investigation, and this has been true of other estimates. The Census Bureau has not made any special study of wages since that time. In the census reports for 1910 are some general statistics upon which we can base a rough estimate of rates of wages.[1] In 1909 the average number of wage-earners engaged in manufactures was 6.631,931. This number was computed by securing reports of the number employed on the 15th of each month and then dividing the sum of the numbers reported for the several months by 12. The total amount reported to have been spent in wages during the same year was $3,434,734,000. If we divide this

[1] See for these figures the *Abstract of the 1910 Census*.

number by the average number of wage-earners we secure a quotient of $517.91, which was the average yearly wage in the United States during the year 1909, as nearly as it can be ascertained. This gives an average weekly wage of not quite $10. It will be remembered that in the investigation of 1904 it was found that for a selected week the average wage of all those investigated was $10.06. This seems to indicate that wages were decreasing between 1904 and 1909. But if we take the total figures for 1904, we find that the average number of wage-earners engaged in manufactures for that year was 5,468,383, and that the total amount spent in wages was $2,610,445,000. If we divide through, we secure the quotient of $477.37, which was the average yearly wage during the year 1904, as nearly as can be ascertained. This gives an average weekly wage of $9.18. So that money wages apparently were rising between 1904 and 1909. It may be that the selected week in 1904 happened to be one of unusually high wages, or that allowance has not been made for unemployment. We shall study the rise and fall of wages later in this book.

In 1910 the average number of wage-earners engaged in mining industries was 1,093,286. The total amount of wages earned by them was $606,135,238. Dividing through we secure the quotient of $554.42, which was the average yearly wage as nearly as it can be ascertained. The average weekly wage was $10.66.

### Other Investigations

Because of the irregularity of employment and the variety of ways in which payment is made in agriculture, the Census Bureau did not attempt to ascertain the number of persons hired and the wages paid in agriculture. But the U. S. Department of Agriculture has recently issued a bulletin [1] according to which agricultural wage rates are much lower than in mining and manufacturing. According to this bulletin outdoor farm labor by the day in harvest work averaged $1.71 in 1909, outdoor farm labor with board averaged $1.43 a day in 1909, while the average wage rate per month for outdoor farm labor, hired by the year, without board, was $25.46 in 1909.

[1] U. S. Dept. of Agriculture, Bureau of Statistics, Bul. 99, Washington, 1912.

During the last few years the U. S. Bureau of Labor Statistics has published a number of bulletins giving the results of investigations of the rates of wages in several industries, such as the cotton, woolen, and silk industries; the lumber manufacturing, mill work, and furniture manufacturing industries. These investigations seem to confirm the results of the more extensive investigations which have been summarized in this chapter. We have not the space to summarize these investigations or various other detailed investigations which have been made in recent years by public and by private agencies.

## Distribution of Property Income

The preceding discussion has shown that rates of wages in this country are low. The significance of this will be more apparent when we discuss the standard of living. But we must bear in mind that wages are not the only source of income for some, perhaps many, of the wage-earners, so that we must now consider this subject.

From common knowledge every one doubtless would say that the vast majority of wage-earners benefit not at all or only to a very slight extent from the shares in distribution apart from the earnings of labor, namely, rent from land, interest from capital, and profits from business enterprize. But it is very difficult to secure exact data on this question, since no careful record is kept of the distribution of the ownership of much of the capital and of the shares in business enterprizes. So far as such data can be secured it seems to confirm the common opinion. For example, in the investigation of the Bureau of Labor reported in its eighteenth annual report it was found that out of the 25,440 families investigated 3,651, or only slightly more than one-seventh, had sources of income apart from the earnings of labor, (since we may regard the income from boarders and lodgers as the payment of labor). These families had, on the average, an income of $92.49 from these sources. It is evident, therefore, that if the families investigated by the Bureau were at all representative of the American working class this class is not benefiting largely by the shares in distribution apart from the earnings of labor.

Streightoff investigated this subject by studying the distri-

bution of the ownership of savings bank accounts, of land, of insurance policies, etc., without arriving at any very definite results. His tentative conclusion he gives as follows: — "There are probably nine million individuals receiving some return on savings accounts, and upward of five million indirectly obtaining profit from participating life-insurance policies. About five million persons possess agricultural land, and perhaps as many more hold residential real estate. Approximately 270,000 proprietors own the unincorporated factories, but how many have invested in corporate securities is enigmatical. Tax lists show that the number of families having large amounts of wealth is small, but fail to give the clue to the diffusion of capital." [1]

If then not many of the wage-earners are benefiting by the ownership of land, corporate securities, etc., which enable them to share in the rent from land, the interest from capital, and the profits from business enterprize, the rest of society must be receiving most of this income. We have already noted that Spahr estimated that labor receives sixty per cent of the national income and capital the remaining forty per cent. Streightoff gives the returns to capital and labor in eight large American industries, all of the figures used being from the decade 1900–1910.[2] In these industries were employed 3,167,401 laborers, the return to capital in the form of dividends and interest amounted to $1,276,419,050, and the return to labor in the form of salaries and wages amounted to $2,031,402,210. Thus the laborers, salaried and wage-earning together, earning an average income of about $640 a year, received about sixty-one per cent of the total, and capital about thirty-nine per cent. But Streightoff expresses the opinion that this proportion is not necessarily typical of American industry, and Nearing has recently shown that there is much variation between different industries with respect to the ratio in which the income is divided between capital and labor.[3] However, in most cases capital does not fail to secure a large share. According to the

[1] *Op. cit.*, p. 146. [2] *Op. cit.*, p. 44.

[3] Scott Nearing, *Service Incomes and Property Incomes*, in the *Quar. Pub. of the Am. Statistical Association*, Vol. XIV, No. 107, Sept., 1914, pp. 236–259. See, for further discussion of this point, a note by G. P. Watkins, in the *Quar. Pub. of the Am. Statistical Association*, Vol. XIV, No. 110, June, 1915, pp. 590–5.

last census figures, during the year 1909 in manufacturing about fifty-one per cent of the value of the products, after deducting the cost of the materials, was paid to services in the form of salaries and wages, while during the same year in mining about fifty-three per cent of the value of the products was paid to services in the form of salaries and wages.[1] So that capital apparently was getting nearly half of the proceeds. The Census Bureau is very careful to call attention to the fact that there are doubtless many mistakes in these figures, because of the difficulties in the way of securing accurate data. But even after making generous allowance for errors, it is evident that capital is getting a large share of the proceeds.

## The Expenditure of Property Income

At this point it is important to call attention to the possibility of making a serious mistake in interpreting such data as we have been discussing. These data indicate that the very large class of workers receive perhaps sixty per cent of the national income, while a very small class of property owners receives perhaps as much as forty per cent. This, however, does not mean that this small class actually consumes as much as forty per cent of the wealth produced. As a matter of fact, a considerable part, though we cannot estimate exactly how much, of the income of capital is saved and turned back into the productive process, thus aiding in producing more wealth for both of these classes. Furthermore, of the amount spent by the capitalist class a great deal is paid for services of many kinds, so that this wealth is actually consumed by the laboring class. The serious aspect of this situation is that these services are devoted to the benefit of a few, whereas if they were devoted to producing wealth for society at large they would have much more social value. These facts indicate that the ratio between the shares in distribution of the laboring and capitalist classes does not indicate the ratio between the amounts consumed by these two classes. But this ratio is of great significance with respect to the extent to which production may be lessened by giving to a very small class a relatively large share in distribution.

[1] See *Abstract of the 1910 Census.*

## The Concentration of Wealth

In this connection is of great importance the fact that wealth is rapidly becoming more and more concentrated. Watkins [1] has accumulated data on the extent and causes of this concentration, which we have not the space to summarize here. This tendency towards concentration is perhaps shown by the census figures which indicate that during the six decades from 1849 to 1909 the amount paid in wages in the manufacturing industries increased by about fourteen times, while the value added by manufacture increased by about eighteen times. This seems to indicate that labor was not keeping up with capital in getting its share of the product. This situation is reflected still further by the fact that the amount of capital invested in these industries increased during these six decades by about thirty-four times. This great increase may have been fully justified on social grounds in order to increase the amount of wealth produced. But it is in all probability a further indication of the tendency towards concentration.

In order to measure the extent of concentration of wealth in this country several attempts have been made to count the number of "millionaires." On account of the lack of exact and adequate data these estimates have necessarily been very unreliable. Since the national income tax law has gone into effect it is possible to secure more definite and accurate data. In the annual report of the U. S. Commissioner of Internal Revenue published in December, 1914, are given the returns for the collection year 1913, which was the first year during which the income tax was collected. These returns showed 357,598 individuals with incomes of over $2,500. Of these 16,358 individuals possessed incomes of over $25,000, and 5,214 individuals possessed incomes of over $50,000. This last number (5,214) may be regarded as the nearest possible approximation to the number of millionaires in this country. These returns also showed 61,970 individuals with incomes of over $10,000. This number may be taken to represent approximately the rich of this country. It goes without saying that the tax reports are

[1] G. P. Watkins, *The Growth of Large Fortunes*, in the *Pub. of the Am. Economic Association*, Vol. VIII, No. 4, Nov., 1907. See also H. L. Call, *The Concentration of Wealth*, Boston, 1907.

more likely to underestimate than to overestimate the size of incomes.[1]

It may also be interesting to note from the same report that the 316,909 corporations doing business in the United States during the fiscal year ending June 30, 1914, reported capital stock aggregating $64,071,319,185 with bonded and other indebtedness amounting to $37,136,215,096. Their net income for the year was $4,339,550,008, which was nearly seven per cent on their capital. In view of the data cited in the preceding paragraphs it is highly probable that most of this vast income, amounting to nearly $50 for each individual if distributed equally in the population at large, went to a very small group of persons. It is regrettable that the data are not available for estimating more or less accurately all of the items in the national income. For if this were possible we could tell more definitely the shares of the property owners and of labor. This problem of the ratio between the shares of the property owners and of labor in the distribution of wealth we shall discuss later in connection with the subject of production. For it is of great importance with respect to production, as well as to distribution.

## Distribution of Wealth and Incomes in Great Britain

Let us now turn to Great Britain and for purposes of comparison make a brief summary of the situation there with respect to the distribution of wealth and of incomes. The data for the study of this problem are somewhat more abundant there than they are in this country. I will review briefly two recent studies of the subject.

Chiozza Money [2] brings his estimates down to about the year 1908. The collecting of the income tax in the United Kingdom furnishes a good deal of data with regard to the national income and its distribution. All incomes over £160 are taxed. Money takes first the gross amount of income brought under review for purposes of taxation in 1908–9 by the Inland Revenue Officials. From this gross amount he deducts certain sums for depreciation,

[1] See, for a detailed analysis of these Statistics, R. P. Falkner, *Income Tax Statistics* in the *Quar. Pub. of the Am. Statistical Association*, Vol. XIV, No. 110, June, 1915, pp. 521–49.

[2] L. G. Chiozza Money, *Riches and Poverty (1910)*, 10th ed., London, 1911.

etc., and then adds certain amounts for foreign profits which escape taxation, etc. As a result of his calculation he estimates the aggregate income of persons enjoying over £160 per annum, 1908–9, at about £909,000,000. Then he makes a detailed analysis of wage rates, the earnings of farmers, etc., which brings him to the conclusion that the aggregate income of persons with incomes below £160 per annum is about £935,000,000. The result of this part of his investigation he gives in the following table: — [1]

MONEY'S ESTIMATE OF THE NATIONAL INCOME OF THE UNITED KINGDOM IN 1908

| | |
|---|---|
| (1) Persons with incomes which exceed £160 per annum | £ 909,000,000 |
| (2) Persons with incomes below £160 per annum: — | |
| (a) Persons earning small salaries, petty tradesmen, etc. | 232,000,000 |
| (b) The wage-earning classes | 703,000,000 |
| | £1,844,000,000 |

This table shows, as Money says, that "*the income tax exemption limit of £160 per annum splits the national income into two almost equal parts.* Of a total income amounting to £1,844,000,000 in 1908, those with over £160 per annum took £909,000,000, while those with less than £160 per annum took £935,000,000." [2]

If this national income were equally distributed among the 44,500,000 inhabitants of the United Kingdom, the average income per person would be about £40 or about £200 for a family of five persons. In order to get at the actual distribution Money analyzes the income tax schedules, rental lists of private houses, etc. As a result he estimates that £909,000,000 per annum are taken by 5,500,000 people having incomes of £160 and upwards per annum, and £935,000,000 per annum are taken by 39,000,000 people having incomes below £160 per annum. In other words, "*one-half of the entire income of the United Kingdom is enjoyed by about 12 per cent of its population,*" and, "*more than one-third of the entire income of the United Kingdom is enjoyed by less than one-thirtieth of its people.*" [3]

[1] *Op. cit.*, p. 31. [2] *Op. cit.*, p. 31. [3] *Op. cit.*, pp. 47, 48.

Money classifies still further by dividing the total population into the rich, who are the persons with incomes of £700 per annum and upwards, and who with their families number 1,400,000 (280,000 x 5) and possess an aggregate income of £634,000,000; the comfortable, who are persons with incomes between £160 and £700 per annum, and who with their families number 4,100,000 (820,000 x 5) and possess an aggregate income of £275,000,000; and the poor, who are persons with incomes below £160 per annum, and who with their families number 39,100,000 and possess an aggregate income of £935,000,000.

The aggregate income of the wage-earning class was determined by an analysis of wage rates, which is of importance because of the light it throws upon the actual earnings of the working class. On the basis of the figures of the wage census he estimates the average weekly wage of manual workers (including men, women, and children) at 21s. 3d. This he regards as a liberally high estimate. He thinks that the 15,500,000 (estimated) manual workers of 1908 included at least one million casual and incompetent workers, whose average annual earnings would not exceed £25. Then after determining what allowance to make for unemployment he estimates the aggregate income as follows: — "I make the assumption that the average working year of the 14,500,000 remaining wage-earners consists of 44 weeks. Applying the average wage already arrived at (21s. 3d. per week), we get an average annual earning of, say, £46, 15s., which gives us £678,000,000 as the probable aggregate earnings of the 14,500,000 workers. Adding the £25,000,000 assumed to be earned by the remaining 1,000,000, we arrive at £703,000,000 as the total earnings of the manual laborers in 1908." [1]

These conclusions with regard to wage rates among the working people accord well with the results of Booth, Rowntree, and others which we shall mention presently. For example, Rowntree discovered that in York in a year of good trade ten per cent of the entire population and fifteen and one-half per cent of the working classes were living below a "primary poverty line" drawn at an income of 21s. 8d. per week for a family of five persons paying only 4s. per week for rent.

Money next turns to the question of the distribution of ownership of property, and uses several sources of information. For

[1] *Op. cit.*, p. 29.

example, he analyzes the death duties, and from them learns that "*year by year, with the regularity of the seasons, about four thousand persons die, leaving between them about £200,000,000 out of total estates declared to be worth about £300,000,000.*" [1] He estimates the total wealth of the nation to be £13,762,000,000 which if divided equally would be about £300 per head of population or about £1,500 per family of five persons. But the actual distribution he finds to be so unequal that "it is literally true to say that a mere handful of people owns the nation. *It is probably true that a group of about 120,000 people, who with their families form about one-seventieth part of the population, owns about two-thirds of the entire accumulated wealth of the United Kingdom.*" [2]

Mallock [3] has made an estimate of the distribution of wealth and of incomes in Great Britain for about the year 1910. Instead of using income tax returns, wage rates, etc., to estimate the national incomes, as is done by Money and others, he uses the estimate of a recent Census of Production which is based upon the value of goods produced and consumed and the cost and value of services. The census estimate of the national income is given in the following table: — [4]

TOTAL INCOME OF THE UNITED KINGDOM IN 1907

| | *Million £* |
|---|---|
| Goods consumed or exchanged for services by classes engaged in production and distribution | 1,248 to 1,408 |
| Goods consumed or exchanged for services by classes engaged in supplying services | 350 to 400 |
| Additions by all classes to savings and investments | 320 to 350 |
| Total | 1,918 to 2,158 |

Mallock estimates on the basis of this table the true net national income in 1910 at about 2,020 million pounds sterling.

[1] *Op. cit.*, p. 58. [2] *Op. cit.*, p. 79.

[3] W. H. Mallock, *Social Reform as Related to Realities and Delusions.* An examination of the increase and distribution of wealth from 1801 to 1910, London, 1914.

[4] *First Census of Production of the United Kingdom* (1907), London, 1912, p. 33.

On the basis of data from various sources, such as the Board of Trade inquiries into wages, census statistics, etc., he distributes this total income in the following manner.

He estimates that the poorer classes, namely, those whose incomes fall below £160 a year, receive 1,300 million of this total amount. A committee of English economists in a report to the British Association for the Advancement of Science in the year 1910 estimated the incomes of the lower middle classes as follows: — [1]

(1) Heads of small businesses, mostly shops. Number, 640,000; aggregate earnings, £66,000,000; average earnings per head, £103.

(2) Farmers not subject to income tax. Number, 360,000; aggregate earnings, £34,000,000; average earnings per head, £95.

(3) Persons engaged in professional or quasi-professional work. Number, 1,300,000; aggregate earnings, £120,000,000; average earnings per head, £92.

Mallock estimates that there are 16,500,000 wage-earners whose aggregate income is about £1,050,000,000, of which £20,000,000 is interest on investment. The wage income of these 16,500,000 persons gives an average per head of £62 a year, or 23s. 11d. a week. About one-sixth of these, or 2,700,000 persons, are boys and girls under eighteen years of age; about one-fourth of these, or 4,300,000 persons, are women; and a little less than two-thirds, or 9,500,000 persons, are men. The weekly averages are 10s. for girls, 13s. 6d. for boys, and 12s. 6d. for non-adults as a whole; 18s. for women; and 30s. for men. Thus the annual earnings are £33 for the non-adults, £47 for the women, and £77 for the men.[2]

He estimates that the richer classes, namely, those possessing incomes over £160 a year receive an aggregate income of about £730,000,000. This, he estimates, is distributed as follows: — [3]

[1] See Mallock, *op. cit.*, p. 132.
[2] *Op. cit.*, pp. 132–4.
[3] *Op. cit.*, p. 181.

MALLOCK'S ESTIMATE OF THE DISTRIBUTION OF INCOMES OVER £160 IN THE UNITED KINGDOM IN 1910

| *Range of income* | *Number of persons* | *Average income* | *Aggregate income* |
|---|---|---|---|
| £ 160–400 | 1,000,000 | £ 260 | £260,000,000 |
| 400–1000 | 326,000 | 630 | 205,380,000 |
| 1000–5000 | 64,000 | 1,980 | 136,720,000 |
| Over 5000 | 11,000 | 12,000 | 132,000,000 |
| Totals | 1,401,000 | | £734,100,000 |

The distribution of incomes, therefore, he sums up as follows: — "The income of the United Kingdom being, by common admission, 2,000 million pounds, or a very little more, it appears that about 1,300 million is made up of individual incomes or earnings none of which exceeds £160 a year, the average income per recipient being just short of £70; that about 460 millions is divided amongst 1,330,000 recipients, these consisting of two groups — a million persons with an average of £260 a year, and less than a third of a million with an average of £630 a year; whilst the average for both would be £330; and that a sum of 260 millions remains, which is divided amongst about 74,000 recipients, and would, if divided equally, yield an income per head £3,600, but which is as a fact divided between two groups into more than 60,000 incomes averaging nearly £2,000, and about 11,000 incomes averaging £12,000." [1]

## COMPARISON OF THE UNITED STATES AND GREAT BRITAIN

We may now compare the results of these two studies of the distribution of incomes in Great Britain. It is evident that by using somewhat different methods they have arrived at somewhat different results. Money represents the poorer classes somewhat worse off and the richer classes somewhat better off than does Mallock.[2] The last named shows a decided tendency

[1] *Op. cit.*, pp. 182–3.

[2] While this fact may not have influenced their estimates at all, it may be well to note that Money is very sympathetic towards the working classes, while Mallock, who has long been a bitter opponent of socialism and "socialistic" legislation, is rather unsympathetic towards them.

to minimize the share of the richer classes in the distribution of wealth. For example, he insists that the part of the national income which comes from abroad in the form of profits and interest on capital, which he estimates at £180,000,000, should not be counted as a part of the share of capital as compared with the share of labor, because these profits "so far as their origin is concerned, have no connection whatever with labour in this country." [1] There is probably a measure of truth in what he says. But, on the other hand, it is obvious that British capital invested abroad was produced with the aid of British labor, so that the profits from this capital, "so far as their origin is concerned," do have a connection with British labor. There can be no question that, if not all, at least a large part of these profits ought to be included as a part of the share of capital as compared with the share of labor, but it would be difficult to estimate as to how large this part should be.

But notwithstanding these differences their estimates of the average wages of the working class are very close together, and this is the matter of greatest importance for our purposes. We have seen that Money has estimated the average wage at 21s. 3d., while Mallock has estimated it at 23s. 11d. In other words, Mallock's estimate is only 2s. 8d., or twelve and one-half per cent, or one-eighth higher than the estimate of Money. An average of the two estimates would give us 22s. 7d., which will serve well enough as the average British industrial wage rate for comparison with the American rates.

We have seen that it is impossible to arrive at an average wage rate for all of the working population of this country. The most extensive wage statistics are for manufacturing industries. We have summarized several of the most extensive of these investigations and have found that the average wage rate in these industries including all classes of workers was apparently about $10 a week. This is about eighty per cent or four-fifths greater than the general average British wage rate we have estimated. But it must be borne in mind that wages probably average higher in manufacturing than in industry as a whole. We have cited figures which indicate that wages in agriculture are considerably below wages in manu-

[1] *Op. cit.*, p. 120.

facturing.[1] Furthermore, these American manufacturing figures probably represent a smaller proportion of women and young workers than the British figures. These facts probably account in considerable part for the difference between the two rates. However, even after we have made due allowance for these differences it still remains practically certain that, to say the least, the British wage rate is no higher than the American rate, and that in all probability it is somewhat lower.

So that our comparison with Great Britain indicates that the condition of low wages which we have found to exist in this country is by no means unique. On the contrary, if British conditions furnish any criterion, wages in other parts of the world are lower than in this country. Lack of space prevents us from extending our comparative study to other countries.

The significance of low wage and income rates for a large part of the population, as giving rise to poverty and its attendant evils, will become more apparent in the next two chapters as we discuss the standard of living in its relation to the extent of poverty. The significance of the tendency towards the concentration of the ownership of wealth which we have found to exist, as giving rise to a monopolistic control of capital, and the extent to which this leads to the exploitation of labor, we shall have occasion to discuss in later chapters.

[1] According to Rowntree "even allowing for the cash value of all the perquisites which they receive, the average wage of ordinary agricultural laborers in England is only about 17s. 6d." See his *The Way to Industrial Peace and the Problem of Unemployment*, London, 1914, pp. 100–1. There were 643,000 agricultural laborers in England and Wales in 1911, according to the British Census.

## APPENDIX TO CHAPTER VI

## NATIONAL WEALTH AND INCOME

The Census Bureau has estimated that in 1912 the total national wealth was $187,739,000,000, or $1,965 per capita. Every class of property valued at as much as a billion dollars is included in the following table: —

ESTIMATE OF PART OF THE NATIONAL WEALTH IN 1912

| | |
|---|---|
| Taxed real property and improvements | $ 98,363,000,000 |
| Exempt real property and improvements | 12,314,000,000 |
| Railroads and their equipment | 16,149,000,000 |
| Manufactured products (other than clothing and personal adornments, furniture, vehicles, and kindred property) | 14,694,000,000 |
| Furniture, vehicles, and kindred property | 8,463,000,000 |
| Live stock | 6,238,000,000 |
| Manufacturing machinery, tools, and implements | 6,091,000,000 |
| Agricultural products | 5,240,000,000 |
| Street railways | 4,597,000,000 |
| Clothing and personal adornments | 4,295,000,000 |
| Gold and silver coin and bullion | 2,617,000,000 |
| Privately owned central electric light and power stations | 2,099,000,000 |
| Shipping and canals | 1,491,000,000 |
| Farm implements and machinery | 1,368,000,000 |
| Telephone systems | 1,081,000,000 |
| Total | $185,100,000,000 |

The above table includes most of the national wealth, and gives some idea of its distribution among the different classes of property.

Unfortunately it is impossible to estimate fully the national income. But from the census figures for 1909 we can secure the following partial estimate, which includes what was

produced by the agricultural, manufacturing, and mining industries:—

ESTIMATE OF PART OF THE NATIONAL INCOME IN 1909

| | |
|---|---|
| Agriculture | $ 8,498,311,413 |
| Dairy products | 596,413,463 |
| Wool | 65,472,328 |
| Mohair | 901,597 |
| Eggs | 306,688,960 |
| Poultry | 202,506,272 |
| Honey and wax | 5,992,083 |
| Crops | 5,487,161,223 |
| Domestic animals sold or slaughtered | 1,833,175,487 |
| Manufactures (value of products less cost of materials) | 8,529,261,000 |
| Mining (products of mines, quarries, and petroleum and gas wells) | 1,238,410,322 |
| Total | $18,265,982,735 |

It is evident that this estimate does not include the value of all services rendered, as, for example, some of the services in transportation and commerce, and probably omits other items in the national income as well.

King has made the following estimate of the income of the United States in the year 1910. (W. I. King, *The Wealth and Income of the People of the United States*, New York, 1915, p. 138)

ESTIMATE OF THE NATIONAL VALUE PRODUCT IN 1910
(Adapted from W. I. King)

| | |
|---|---|
| Government | $ 2,591,800,000 |
| Commercial and Professional Services | 8,977,200,000 |
| Manufacturing, Light and Power | 8,437,600,000 |
| Transportation | 2,656,000,000 |
| Fishing | 48,900,000 |
| Mining | 976,000,000 |
| Agriculture | 6,842,000,000 |
| Total Product | $30,529,500,000 |

## CHAPTER VII

# THE STANDARD OF LIVING

Definition of the standard of living — Family budgets and estimated standards — Minimum and fair standards — The standard of living of the American population — Number of family wage-earners — The poverty cycle.

We have already discussed, in the second chapter, the vagueness of the word "poverty," which makes it difficult to set an upper limit to the class of the poor. It is obvious that, to begin with, this class includes the paupers, namely, those who are unable to maintain their existence without aid from others and are therefore partially or totally dependent economically. But it is customary to include in this class a much larger group of individuals and families who, while they may be able to keep alive without aid from others, are unable to attain to a standard of living which is deemed by those who have formulated it as being necessary for a normal human and social life. The exponents of a standard of living are usually in the habit of speaking of it as necessary for a decent and wholesome life and for maintaining the highest physical and mental efficiency.

### Definition of the Standard of Living

Now it is evident that there may be much difference of opinion as to what constitutes a "decent" or a "wholesome" life, and consequently what standard is necessary to maintain it It is, therefore, not surprising that there have been great differences between the standards which have been proposed. Some of the standards which have been suggested have been on the basis of mere estimates, and these we may ignore. Others, however, have been based, on the one hand, upon data as to how much the individuals in that large part of the population which is near the pauper line actually earn and spend, and, on the other hand, upon data as to the cost of the things necessary for the maintenance of the manner of life considered req-

uisite. These latter standards are worthy of study, and we shall review briefly a few of them.

It is evident that no family can continue indefinitely to spend more than it earns. So that if it is self-supporting its income rate will indicate, in the long run, how much it spends, and therefore its standard of living. Consequently the data with regard to wage and income rates which we have summarized in the last chapter furnish much information as to the prevailing standard of living among those from whom the poor are recruited in the main. But these wage statistics indicate the incomes of individuals, whereas the standard of living has usually been studied with respect to families. The reason for this is that there are many children who are normally dependent, and also many women who, because they are housewives and are breeding and rearing children, are normally dependent. The support of these normally dependent persons must therefore be included when calculating the standard of living. In most investigations of the subject it has been customary to consider as the average family one made up of five individuals, namely, the parents and three children.

### Family Budgets and Estimated Standards

We have discussed in the last chapter the investigation of the U. S. Bureau of Labor [1] in 1901 in which were studied the incomes and expenditures of 25,440 families whose average size was 4.88 persons. These families reported an average income of $749.50, and an average expenditure of $699.24. In other words, it cost at least $700 on the average to support each of these families, and inasmuch as 16.18 per cent of them reported a deficit the cost must have exceeded $700. These were in the main the families of skilled workingmen, so that they doubtless averaged higher in incomes and expenditures than the working class in general.

In 1902 the Massachusetts Bureau of Statistics of Labor published an analysis of the budgets of 104 families whose average income was $814.01, and whose average expenditure was $797.83.[2] It is evident that it cost on the average about $800 to support each of these families, whose average size was 4.8 persons. The

[1] *18th An. Rep. of the Commissioner of Labor for the Year 1903*, Washington.
[2] *32d Annual Report*, Boston, 1902.

occupations of the heads of these families show that they were the families of skilled workingmen with incomes much above the average of the working class.

In 1902 the New York Bureau of Labor Statistics estimated that an income of $10 a week, or of $520 a year, was inadequate for a family living in a city.[1]

In 1904 Hunter expressed the opinion that $624 was not too much for a family of five persons in New York City. But in order to be thoroughly conservative he estimated "more or less arbitrarily $460 a year as essential to defray the expenses of an average family" in the North.[2] He estimated that $300 would cover the cost of like necessaries in the South. This amount he estimated would cover the bare cost of the necessaries for maintaining physical efficiency without any allowance for any further expenditures.

In 1907 Mrs. More published the results of an intensive study of the budgets of 200 wage-earning families in New York City during the years 1903 to 1905. The average size of these families was 5.6 persons. Their average income was $851.38 and their average expenditure was $836.25. They appear, on the whole, to have been somewhat above the average of wage-earning families in New York City. As a result of her investigation, Mrs. More concludes that "'a fair living wage' for a workingman's family in New York City should be *at least* $728 a year, or a steady income of $14 a week. Making allowance for a larger proportion of surplus than was found in these families, which is necessary to provide adequately for the future, the income should be somewhat larger than this — that is, from $800 to $900 a year." [3]

In 1908 the U. S. Bureau of Labor estimated that in Fall River, Mass., the minimum standard of living for an average family was $484.41. The fair standard of living it estimated for Portuguese, Polish and Italian families at $690.95, and for English, Irish and Canadian French families at $731.99.[4] It is in-

[1] *20th Annual Report*, Albany, 1902, p. 72.

[2] R. Hunter, *Poverty*, New York, 1904, p. 52.

[3] Louise B. More, *Wage-Earners' Budgets*, New York, 1907, pp. 269–70.

[4] *Report on Condition of Woman and Child Wage-earners in the U. S.*, 61st. Cong., 2d sess., Sen. doc. No. 645, Vol. XVI, pp. 238, 245. For Southern cotton-mill workers the Bureau estimated the minimum standard for the average family at $408.26. (P. 142.) It estimated the fair standard

teresting to note that during the same year the Massachusetts Bureau of Statistics found that the average wage of all cotton-mill employees in Fall River was $447.40.[1]

for the Southern family at $600.74. (P. 152.) The average or normal family, according to the Bureau, consisted for the purposes of this investigation of a father, mother, and three children, namely, a girl of 10, a boy of 6, and a boy of 4.

The Bureau characterizes the minimum standard as follows: — "If the family live upon this sum without suffering, wisdom to properly apportion the income is necessary. There can be no amusements or recreations that involve any expense. No tobacco can be used. No newspapers can be purchased. The children cannot go to school, because there will be no money to buy their books. Household articles that are worn out or destroyed cannot be replaced. The above sum provides for neither birth nor death nor any illness that demands a doctor's attention or calls for medicine. Even though all these things are eliminated, if the family is not to suffer, the mother must be a woman of rare ability. She must know how to make her own and her children's clothing; she must be physically able to do all of the household work, including the washing, And she must know enough to purchase with her allowance food that has the proper nutritive value." (P. 142.)

The Bureau characterizes the fair standard as follows: — "This will enable him (the father) to furnish them (his family) good nourishing food and sufficient clothing. He can send his children to school. Unless a prolonged or serious illness befall the family, he can pay for medical attention. If a death should occur, insurance will meet the expense. He can provide some simple recreation for his family, the cost not to be over $15.60 for the year. If this cotton-mill father is given employment 300 days out of the year, he must earn $2 per day to maintain this standard. As the children grow older and the family increases in size, the cost of living will naturally increase. The father must either earn more himself or be assisted by his young children.

"This standard is by no means an ideal one. It does not allow savings to meet the contingency of any unusual event, such as lack of employment or accident to the father. It makes no provision for old age. It provides for culture wants only in the most limited manner, *viz.*, one paper costing $1 a year. It provides elementary schooling for the children up to their twelfth year only.

"To be unable to meet the demands of this standard of living is to place the family among those living in poverty. The father might earn less than $600.74 without entailing physical suffering on the family. The minimum standard however of $408.26, which obviates physical suffering only, does not mark the poverty line for this family. The deprivation of many things other than food and shelter means poverty. For after all, among these people the problems of sickness and deaths and births are to be reckoned with almost as certainly as are food and shelter. Inability to buy school books for the children, to furnish some simple form of recreation for the family, are unmistakably signs of poverty." (Pp. 152–3.)

[1] *Statistics of Manufacture, Massachusetts, 1908*, Boston, 1909, pp. 12–32.

In 1909 Chapin published his report of an intensive investigation he had made of the budgets of about 400 working-class families in New York City. More than three-fourths of these families had incomes ranging from $600 to $1,100. Chapin made his investigation as the secretary of a Committee on Standard of Living of the N. Y. State Conference of Charities and Correction. As a result of his investigation the Committee came to the conclusion that "*it is fairly conservative in its estimate that $825 is sufficient for the average family of 5 individuals, comprising the father, mother and 3 children under 14 years of age to maintain a fairly proper standard of living in the Borough of Manhattan.*" [1]

In 1911 Streightoff, after reviewing much the same data as we have discussed, came to the conclusion that it is "conservative to set $650 as the extreme low limit of the Living Wage in cities of the North, East, and West. Probably $600 is high enough for the cities of the South. At this wage there can be no saving and a minimum of pleasure. Yet there are in the United States, at least five million industrial workmen who are earning $600 or less a year." [2]

In 1913 Nearing, after a careful review of the most important investigations came to the conclusion that "the available data indicate that a man, wife and three children under fourteen cannot maintain a fair standard of living in the industrial towns of Eastern United States on an amount less than $700 a year in the Southern, and $750 a year in the Northern States. In the large cities, where rents are higher, this amount must be increased by at least $100." [3]

In 1914 Hollander, on the basis mainly of Chapin's investigation, estimates that in order to maintain a decent standard of living in the United States for an average family of five "an annual income of $600 to $700 is insufficient; that $700 to $800 requires exceptional management and escape from extraordinary disbursements consequent upon illness or death; and that $825 permits the maintenance of a fairly proper standard." [4]

[1] R. C. Chapin, *The Standard of Living among Workingmen's Families in New York City*, New York, 1909, p. 281.

[2] F. H. Streightoff, *The Standard of Living Among the Industrial People of America*, Boston, 1911, p. 162.

[3] S. Nearing, *Financing the Wage-Earner's Family*, New York, 1913, p. 97.

[4] J. H. Hollander, *The Abolition of Poverty*, Boston, 1914, p. 9.

It is evident that in the case of each one of the investigations which have been cited the family budgets averaged fairly high, in fact, usually as high or higher than the estimates made for a good standard of living. The same is true of practically all of the similar studies which have been made in this country. Now it is to be expected that if a standard of living which is to be used as a criterion of poverty is determined with careful reference to the actual living conditions of a large part of the population, it will not be placed so high as to put a very large part of the population below the poverty line. However desirable it might appear to the investigator that the standard should be much higher than it is, it would make the term poverty almost meaningless to apply it to the majority of society. On the other hand, these investigations are doubtless somewhat misleading as to the actual extent of poverty. It seems to be quite certain that in practically all of them the majority of the families whose budgets were investigated belonged to the group of families which are financially better off than the average. The reason for this is obvious, namely, because it is much more feasible to secure complete accounts of incomes and expenditures from this class of families than from the poorer ones. It is unfortunate that we have not more data from this poorer class. But we have reason to assume that it is much larger than is indicated by these investigations. We shall investigate this subject presently.

### Minimum and Fair Standards

Turning now to the estimated standards of living which have been cited, it is evident that two types of standards are involved. One type is the minimum, bare physical efficiency standard which is represented by Hunter's estimate of $460, the estimate of $484.41 by the U. S. Bureau of Labor, and the estimate of $520 by the N. Y. Bureau of Statistics. The other type is the higher "decent" or "fair" standard which insures a fair amount of comfort and provides for a certain degree of mental in addition to physical efficiency. The estimates for this higher type of standard range from Hunter's estimate of $624 to Chapin's estimate of $825. In view of the rise of prices during recent years and the consequent increase in the cost of living, it is evident that these estimates if made today would be somewhat higher.

This would be especially true of the earlier of these estimates. It was estimated by the Massachusetts Commission on the Cost of Living that the average family expenditures for various purposes in normal families having an income of $600 to $700 in 1901 had increased during the nine years from 1901 to 1910 by 20.5 per cent, or about one-fifth.[1] Prices have continued to rise since 1910, so that the cost of living for these families is probably still greater now.

What standards, if any, are we to adopt? If we use these estimates as a guide, and make some allowance for the increase in the cost of living, the minimum standard for the normal, average family would probably fall between $500 and $600, and perhaps be nearer $600 than $500; while the higher standard would probably fall between $700 and $800, probably being nearer $800 than $700, and perhaps being even higher than $800.

The difficulties in the way of determining a standard of living which will serve as a criterion of poverty are now apparent. It is obvious that this standard must vary from one part of the country to another and from one type of community to another. Furthermore, it must vary from time to time in accordance with the variations in the cost of living. So that we can only fix a standard which is rough and approximate. The investigations and estimates which we have reviewed represent collectively a large amount of careful study of the problem, and probably furnish us as safe a guide as any for its solution. Let us therefore assume that a family of average size with an income of less than $500 is certainly below the poverty line, while we are probably justified in assuming that most if not all of the families below $600 are below that line. That is to say, some of these families are partially or totally pauperized, while the rest of them are on the verge of pauperism and may easily be carried over the brink through the agency of unemployment, sickness, accident, or a similar misfortune. Furthermore, those families which are at the moment self-supporting cannot reach the level of bare physical efficiency, for it is usually impossible for a family to secure for $600, and certainly impossible to secure for $500, the food, clothing, and housing which are necessary for physical efficiency.

[1] *Report of the Commission*, Boston, 1910, p. 72.

But if we wish to adopt the higher standard of living as our poverty line, it is in all probability safe to say that all families below $800 are below that line. This amount is unquestionably a minimum for attaining the American ideal of comfortable living. Furthermore, it is certain that there are families with incomes even as high as $800 that are at least slightly pauperized, while, in view of the uncertainty of employment and of income under our present economic system and of the dangers of disease, accident, etc., all families below this amount are constantly in danger of falling below the line of pauperism. However, in order to be entirely conservative let us assume that only those families which are below the lower minimum are unquestionably below the poverty line, while those between the lower and the higher minima may be regarded as being in a state of secondary poverty. Let us now see how these standards of living may be applied.

## The Standard of Living of the American Population

The last chapter furnishes us income statistics which are of value for this purpose. We noted there that Nearing has estimated that in the part of the country in which wages are on the whole higher "three-quarters of the adult males and nineteen-twentieths of the adult females actually earn less than $600 a year." From census figures we found that in manufacturing industries the average weekly wage of adult male workers is apparently about $11, and that over one-half of these workers have an income under $600 a year. Inasmuch as wages in agriculture and in certain other industries are still lower, this proportion for all wage-earners must be still larger, possibly as great as the three-quarters estimated by Nearing. If then we were to assume that all or the great majority of the families of the country were being supported each by one male adult wage-earner, we should be justified in assuming that at least one-half, and probably more, of the families of this country are in a state of poverty. But we know that many families possess more than one wage-earner, so that it is necessary to consider in how many families this is true, and how much the combined incomes of the wage-earners in each family aggregate on the average.

This is a very difficult problem to solve, because there are

very few data which bear directly upon it. Let us begin with the census figures which are of significance. In 1910 there were in this country 20,255,555 families, averaging 4.5 persons per family.[1] This average doubtless runs higher for the poorer families, probably approaching five persons or more per family. In 1910 there were 38,167,336 persons ten years of age and over who were engaged in gainful occupations, of whom 30,091,564 were males and 8,075,772 were females.[2] In other words, there was on the average about one and one-half male earner to each family, and not quite one-half of a female earner to each family. With respect to age these earners were divided up in the following manner: There were 7,453,448 under 21 years of age and 30,713,888 who were 21 years of age and over. In other words, there was on the average about one and one-half adult earner to each family, and somewhat less than one-half of a child earner to each family. Combining the classification with respect to sex and age, we find that there were 4,968,762 male earners and 2,484,686 female earners under 21 years of age, and 25,122,802 male earners and 5,591,086 female earners who were 21 years of age and over. We might therefore say that there were on the average to each family nearly one and one-fourth of an adult male earner, slightly more than one-fourth of an adult female earner, nearly one-fourth of a child male earner, and slightly less than one-eighth of a child female earner.

We might go still further with this calculation and estimate on the basis of the best available data the income of this average family by combining the incomes of these fractional earners. If, for example, we assumed that the income of an adult female earner was on the average one-half that of an adult male earner, and that the income of a child earner was on the average one-fourth that of an adult male earner, this average family would have the combined income of about one and one-half adult male earners.[3] But we know that many earners are support-

[1] *Abstract of the 13th Census*, p. 259.

[2] These figures with respect to occupations are taken from the volume on *Occupation Statistics* of the *Report of the 13th Census*.

[3] Nearing estimates that "the wife, regularly employed may earn, perhaps, three-fifths as much as her husband, while the child under fourteen, in the few States, and in the few industries, where employment is possible, may receive an income equal to a fifth or a sixth of that paid to his father." In *Financing the Wage-Earner's Family*, p. 111. As I am including all earn-

ing only themselves, and are therefore not aiding in the support of families. There are many other considerations which go to vitiate the value of this calculation. In fact, this sort of calculating is of little value for our purpose for, in the first place, no such average family actually exists, and, in the second place, our main interest is in the families with the smaller incomes and not in the average families. Let us therefore turn to the budgets of families which have been secured and note the actual sources of income in the cases of these families.

### Number of Family Wage-Earners

In the investigation of the Massachusetts Bureau of Statistics of Labor it was found that the incomes of 152 families, whose average total income was $877.84, came from several sources in the proportions indicated in the following table: — [1]

| *Sources of income* | *Percentage of total income* |
|---|---|
| Earnings of head | 67.67 |
| Contributions of minor children | 11.32 |
| Received from boarders or lodgers | 9.92 |
| Received from other sources | 11.09 |
| Total income | 100.00 |

It is evident from this table that slightly more than two-thirds of the total income came from the earnings of the heads, most of whom were the husbands and fathers. The children contributed slightly more than one-tenth, while unfortunately there is no indication as to how much was contributed by the wife and mother.

In the Federal Bureau of Labor investigation, which was made about 1901, it was found that the incomes of 25,440 families, whose average total income was $749.50, came from

ers under 21 years of age as child earners, one-fourth the income of the adult male is probably not too high an estimate for their wages, while, as Nearing is referring only to regularly employed women, one-half the income of the adult male is probably too high an estimate for all gainfully employed women.

[1] *32d Annual Report*, Boston, 1902, p. 285.

several sources in the proportions indicated in the following table: —[1]

| *Sources of income* | *Percentage of total income* |
|---|---|
| Husbands | 79.49 |
| Wives | 1.47 |
| Children | 9.49 |
| Boarders and lodgers | 7.78 |
| Other sources | 1.77 |
| Total income | 100.00 |

It is evident from this table that nearly four-fifths of the total income came from the earnings of the husbands. Nearly one-tenth came from the earnings of the children, while only about one and one-half per cent came from the earnings of the wives.

So far as these investigations are concerned it appears that on the average much the larger part of the incomes of wage-earning families comes from the husbands and fathers. Other investigations indicate the same thing,[2] while the data which have been presented earlier in this book showing the smallness of the incomes of women and children makes this conclusion appear highly plausible.

But detailed investigations which have been made indicate that there is a good deal of difference in this respect between the income groups. The British Board of Trade made an investigation into the cost of living in this country between the years 1905 and 1909 in the course of which it studied the composition of family incomes in the different income groups. The following table indicates the percentage of the income earned by the children in the different income groups among the northern American-British (including American, Irish, English, Scottish, Welsh, and Canadian) families studied by the Board: —[3]

[1] *18th Annual Report*, Washington, 1904, p. 58.

[2] Nearing cites several more investigations in his *Financing the Wage-Earner's Family*, pp. 108–115.

[3] In the summary of the *Report of British Board of Trade on Cost of Living in the Principal Cities of the United States* in the *Bulletin* of the U. S. Bureau of Labor, March, 1911, p. 541.

| *Weekly family income* | *No. of families* | *No. of children at home* | *Aver. wkly. family income* | *Aver. wkly. earnings of husband* | *Percentage contributed by children* |
|---|---|---|---|---|---|
| Under $9.73 | 67 | 1.78 | 8.76 | 8.16 | 2.1 |
| 9.73 and under 14.60 | 532 | 2.06 | 12.42 | 11.53 | 3.3 |
| 14.60 and under 19.47 | 1,036 | 2.46 | 16.99 | 15.16 | 5.4 |
| 19.47 and under 24.33 | 545 | 2.88 | 21.51 | 17.14 | 12.5 |
| 24.33 and under 29.20 | 437 | 3.07 | 26.10 | 19.11 | 16.9 |
| 29.20 and under 34.07 | 224 | 3.63 | 31.38 | 19.14 | 30. |
| 34.07 and under 38.93 | 131 | 3.82 | 36.13 | 19.98 | 32.4 |
| 38.93 and over | 243 | 4.20 | 50.33 | 22.34 | 47.7 |
| | 3,215 | | | | |

This table indicates that as the size of the family increased the family income increased, while the percentage of the family income contributed by the children increased very rapidly, which seems to indicate that the family income increased largely because of the contributions of the children. The Board in its report calls attention to the fact that "in an even more striking degree than in the case of the European investigations by the Board of Trade the higher incomes are due not so much to increased earnings of the husband as to the contributions of children of wage-earning age." [1] The earnings of the wives in these families were very small, ranging between the different income groups from less than one-half of one per cent of the total family income to only a little more than two per cent of the family income.

## The Poverty Cycle

These data indicate that the relation of the family to poverty depends to a large extent upon the number of earners in the family, and this in turn is determined in the main by the number of children in the family. It is interesting to note in this connection Rowntree's theory of the "five alternating periods of want and comparative plenty" in the life of the laborer.[2] Rowntree believes that in England, as a general rule, the laborer

[1] *Op. cit.*, p. 541. Chapin in his investigation found a similar tendency for the percentage of the total family income earned by the children to increase as the family income increased. (R. C. Chapin, *op. cit.*, p. 63.)

[2] B. Seebohm Rowntree, *Poverty*, London, 1901, pp. 136–7.

passes through three periods of poverty and two of comparative plenty. Unless his father is a skilled laborer, he will probably be in poverty during early childhood. This will continue until he and his brothers and sisters begin to earn money, thus raising the family above the poverty line. His prosperity will continue until he marries and acquires two or three children, when he will again fall below the poverty line. This second period of poverty will last until his children begin to earn. His second period of prosperity will continue until his children leave home and old age overtakes him, when he falls below the poverty line for the third and last time. According to the diagram with which Rowntree illustrates his theory, a laborer up to the age of seventy passes about twenty-five years in poverty, while if he survives that age the remainder of his life is spent in poverty.

Rowntree characterizes these periods of poverty as follows: —

"A labourer is thus in poverty, and therefore underfed —

(*a*) In childhood — when his constitution is being built up.

(*b*) In early middle life — when he should be in his prime.

(*c*) In old age."

"It should be noted that the women are in poverty during the greater part of the period that they are bearing children."

It is not likely that these periods are quite so strongly accentuated in the life of the American laborer as they are in the life of the English laborer, since the real incomes of American laborers are somewhat higher than those of English laborers. But the foregoing data with regard to the percentage of the family income earned by the children indicate that a similar succession of periods of poverty and of prosperity takes place in the lives of many American laborers and their families. These facts confirm what our wage and income statistics have already shown, namely, that the incomes of a large number of adult male earners are not sufficiently large to keep their families above the poverty line unless largely supplemented by the earnings of other members of the family.

## CHAPTER VIII

# THE EXTENT OF POVERTY

Investigations of pauperism — Estimate of the extent of pauperism — Estimate of the extent of poverty — Investigations of the extent of poverty in Great Britain by Booth, Rowntree, Bowley, etc. — The significance of the great extent of poverty.

Our study of family budgets and standards of living in the preceding chapter has indicated that a standard of living may be used as a more or less definite monetary criterion of the extent of poverty. But we have also seen that, on account of lack of sufficient data, it is usually impossible to apply this criterion in such a fashion as to estimate even approximately the amount of poverty.

### Pauperism

In the following discussion we shall cite some of the estimates of the extent of poverty which have been made in the past. But we shall begin with a discussion of pauperism, because the amount of pauperism fixes a minimum limit for estimating the extent of poverty. It is true that the statistics of pauperism may be swelled somewhat by persons receiving charity who are capable of supporting themselves, and, as we shall see, indiscriminate philanthropy increases this group. But the number of false paupers is usually narrowly limited by the fear of detection, while, on the other hand, a feeling of shame restrains other persons from asking for aid who are really in need of it, thus counterbalancing in part, if not entirely, the false paupers. Furthermore, there is always a considerable number who are on the verge of pauperism, and therefore unquestionably of the poor class. So that the amount of pauperism, by fixing a minimum limit, furnishes a good starting point for estimating the extent of poverty.

It is difficult to estimate the amount of pauperism, though it is possible to approximate it a good deal more closely than the

amount of poverty. Paupers receive their aid from one or more of three sources, namely, (1) public agencies, (2) private organizations, (3) individual donors of alms. It is impossible to estimate how many receive aid from the third source, either as mendicants on the street and elsewhere, or through personal relations which they have established with their respective benefactors. The better organized of the private charitable organizations keep good records of their work, so that it is possible to ascertain fairly accurately the number of persons aided by them. But it is impossible to estimate the number aided by the other private organizations. Most of the public agencies keep records, but their records are not always published in such a form as to furnish these facts conveniently. The Census Bureau has published compilations of some of these facts which we shall consult presently.

In 1891 Ely, using information with regard to charitable aid in several restricted areas, estimated the total number of paupers in the United States, at three million.[1] But he included as paupers all who received charity. In a book published in 1904, Hunter, taking a basis similar to the one used by Ely, estimated that "not less than 4,000,000 persons are now dependent upon the public for relief." [2] But Hunter went much further and attempted to estimate those who are in poverty as well. As a criterion of what constitutes poverty he took one which has been suggested by Marshall, Rowntree, and others, namely, that "those who are in poverty may be able to get a bare sustenance, but they are not able to obtain *those necessaries which will permit them to maintain a state of physical efficiency*. They are the large class in any industrial nation who are on the verge of distress." [3] He arrived at his estimate of the extent of poverty by using information with regard to the following subjects: — "Pauperism, the general distress, the number of evictions, the pauper burials; the overcrowding and insanitation due to improper housing; the death rate from tuberculosis; the amount of unemployment; and the number of accidents in certain trades." [4] For example, he cites such striking facts as that during the year 1903, 60,463

[1] R. T. Ely, *Pauperism in the United States*, in the *North American Review*, Vol. 152, April, 1891, pp. 395–409.

[2] R. Hunter, *Poverty*, New York, 1904, p. 21.

[3] *Op. cit.*, p. 5.

[4] *Op. cit.*, p. 20.

families were evicted from their homes in the borough of Manhattan in New York City, which was about fourteen per cent of the total number of families in the borough; and that one in every ten persons who die in New York City is buried at public expense in Potter's Field. The information which he collected regarding these subjects led him to the conclusion, which he regarded as conservative, that "it would seem fair to estimate that certainly not less than fourteen per cent of the people, in prosperous times (1903), and probably not less than twenty per cent in bad times (1897), are in distress." [1]

Hunter uses a state of distress, or being on the verge of such a state, as a criterion of poverty. It is obvious that this is an extremely vague criterion, unless he means by it being in need of aid. To be sure, he tries to use a more definite criterion by estimating the minimum income necessary to maintain a standard of living which is above the poverty line. He estimates that for a family of parents and three children $460 a year on the average is needed in the North, somewhat more in the large cities and somewhat less in the smaller places; and $300 in the South. He uses some statistics of wages and of unemployment in an endeavor to measure the extent of poverty on the basis of income, but without arriving at definite results. Consequently he falls back upon the vaguer criterion of being in a state of distress, and upon the basis of the percentages cited earlier he comes to the following estimate of the amount of poverty in the United States: — "On the whole, it seems to me that the most conservative estimate that can fairly be made of the distress existing in the industrial states is fourteen per cent of the total population; while in all probability no less than twenty per cent of the people in these states, in ordinarily prosperous years, are in poverty. This brings us to the conclusion that one-fifth, or 6,600,000 persons in the states of New York, Massachusetts, Connecticut, New Jersey, Pennsylvania, Ohio, Illinois, Indiana, and Michigan are in poverty. Taking half of this percentage and applying it to the other states, many of which have important industrial communities, as, for instance, Wisconsin, Colorado, California, Rhode Island, etc., the conclusion is that not less than 10,000,000 persons in the United States are in poverty. This includes, of course, the 4,000,000 persons who

[1] *Op. cit.*, p. 25.

are estimated to be dependent upon some form of public relief." [1]

It is evident that Hunter's estimate is made upon a very uncertain basis, and has consequently aroused a good deal of criticism. It suggests that poverty is much more extensive than is realized by most people. But we shall see presently that other estimates made upon a more certain basis seem to confirm it.

Let us now attempt an estimate of our own of the extent of pauperism in the United States at the present time. In doing so we can make use of much of the data which have been presented in the last two chapters, of statistics in census reports and in other official reports, and of various other sources of information.

The census reports give some indication of the amount of pauperism in this country. The report on benevolent institutions gives the statistics for the following types of benevolent organizations, most of which are private: — (1) Institutions for the care of children; (2) Societies for the protection and care of children; (3) Homes for the care of adults, or for adults and children; (4) Hospitals and sanitariums; (5) Dispensaries; (6) Institutions for the blind and deaf. The number of inmates of these institutions at the close of the year 1910 was 408,830. The total number of persons received during the year was 5,400,556, which was nearly six per cent of the total population.[2] It is impossible to ascertain how many of these were duplications, and how many of them do not properly belong to the pauper class. These are perhaps most likely to occur among the persons who are received at the dispensaries and by the societies for the protection and care of children. If we subtract these from the total, the number received by the remaining institutions was 2,960,538, which was a little over three per cent of the total population. It must, however, be remembered that some of those received at dispensaries as well as at some of the other institutions represent families of paupers, so that these individuals would make up in part at least for the duplications. Furthermore, to the paupers enumerated in this report must be added the paupers in almshouses, which are enumerated in an-

[1] *Op. cit.*, pp. 59–60.

[2] These figures are from the second revised edition of the report on benevolent institutions published in June, 1914.

other report and which numbered on the first of January, 1910, 84,198. There must still be added a certain percentage of the insane and feeble-minded, many of whom are paupers. According to the census report on this subject there were on the first of January, 1910, 187,791 insane in institutions, and on the same date 20,731 feeble-minded in institutions. It is impossible to estimate how many of these were paupers.

So that so far as these census figures give any indication, the number of those receiving any charitable aid ranges from three per cent, which would be a very conservative minimum, to six per cent of the total population. But it must be remembered that these figures do not include those receiving outdoor relief from public sources, or the large number of persons receiving such relief from the private charitable organizations and from individuals.

In view of the above facts, as well as various others which might be cited, it seems reasonable to assume that the number of persons in this country receiving charitable aid ranges from five to ten per cent, varying somewhat according to economic and other social conditions. This is an exceedingly rough estimate, but the available data do not permit of a more precise one. It simply means that, in all probability, the number of those pauperized to at least a slight extent by receiving charitable aid never falls below five per cent, while it may go as high as ten per cent of the total population, without excluding the possibility of still higher percentages.

Now as to whether this estimate represents the number of paupers or not depends upon the definition of pauperism. As we have seen in our discussion of this question,[1] there is some uncertainty as to the meaning of this term. If by a pauper we mean any person receiving charitable aid, however slight in amount, then the above estimate indicates that from five to ten per cent of the total population are paupers. But in all probability few persons would accept so broad a definition of pauperism. And while the acceptance of charity is frequently an indication of a tendency toward pauperism, we should perhaps limit the term to those who are living entirely or in large part upon charity. It is evident that this number is much smaller than the above, since most of those who receive charitable aid

[1] *Supra*, chap. II.

doubtless receive a comparatively small amount of charity, and that only temporarily.

If we add up the number of inmates in the institutions reported in the above census figures, we find that in 1910 there were about seven hundred thousand in them at one time. This may give some indication of the number of paupers. It is true that some of these inmates doubtless were only temporarily or partially pauperized. But it must also be remembered that many paupers are supported in their homes by means of private and public outdoor relief. This number probably more than counterbalances the number of temporarily and partially pauperized persons in the institutions. So that the number of paupers, in the strict sense of the term, may range as high as one million, or one per cent of the total population. It would be unsafe to make a higher estimate.

## Poverty

The amount of pauperism fixes the minimum limit for poverty, but it is indeed difficult to determine how much greater in extent is poverty than pauperism. The first step toward doing so is to establish a criterion of poverty. But we have seen that such characteristics as "misery," "distress," "destitution," etc., are too vague to serve at all satisfactorily for this purpose. Furthermore, on account of a lack of sufficient data, it is difficult to use even a criterion as definite as a monetary standard of living. The truth of the matter is that the extent of poverty varies greatly from time to time and from place to place, on account of economic forces which we shall discuss later in this book. Consequently, I shall not attempt an estimate of its amount in terms of absolute figures or percentages. But we have found enough data to show that this amount must be very great, and I shall summarize these data at this point.

In the first place, we have seen that the number of paupers may include as much as one per cent, but that the number of those receiving charitable aid probably includes from five to ten per cent of the total population. The number of the poor, namely, those who are in more or less imminent danger of becoming pauperized and whose incomes are not sufficiently large to maintain the standard of living we have discussed, doubtless

is much greater. Our wage statistics have shown that a large part of the wage-earning families must be in poverty and in some cases in pauperism, except when the earnings of the head of the family are supplemented by the earnings of other members of the family. We have seen that in all probability many of the working-class are in a state of poverty during certain periods of their lives. We know that at a time of industrial depression the number of the poor and of the paupers increases greatly, owing to the increase in unemployment, under-employment, and under-payment. In the last place, there is always a considerable number of those who are partly or totally unemployable on account of deficient physical or mental ability, disease, accident, or vicious characteristics, such as excessive indolence, drunkenness, etc.

Furthermore, it must be remembered that many of the professional and other so-called higher social classes have incomes so small that they fall below the poverty line, and sometimes even below the line of pauperism. For example, the *Census of Religious Bodies*, 1906, showed that the average salary of clergymen of all denominations was $663. Carroll D. Wright studied the salaries of male teachers in public schools in 1905 in cities of 8,000 inhabitants or over and found that 19.31 per cent of the teachers in the elementary schools, 4.26 per cent of the principals of the elementary schools, and 2.15 per cent of the high school teachers had incomes under $600 a year; while 13.20 per cent of the teachers in the elementary schools, 10.67 per cent of the principals of the elementary schools, and 12.84 of the high school teachers had incomes between $600 and $800 a year.[1] Such data as exist seem to indicate that the average conditions among the doctors and lawyers are very little if any better. Of the male employees in the U. S. executive civil service in 1907, 16.7 per cent were earning less than $720 a year, 11.8 per cent were earning between $720 and $840 a year, and 6.0 per cent were earning between $840 and $900 a year.[2]

So that while we may not arrive at any definite estimate of the extent of poverty in this country, we have plenty of evidence

[1] *Report on Salaries, Tenure and Pensions of Public School Teachers in the U. S.*, Nat. Education Ass'n, pp. 17–22.

[2] 12th Census, Bul. 94, *Statistics of Employees, Executive Civil Service of the U. S.*, p. 20.

that the number of those who do not even reach the lower minimum standard of living is very great, probably exceeding ten per cent of the total population. It goes without saying that those who fail to reach the higher standard of living which we have discussed, which furnishes the material basis for some mental and cultural development, form a very much greater proportion of the population, but it is still more difficult to estimate the exact number.

## Poverty in Great Britain

It is possible to make this estimate for England a little more definitely, because of several investigations within restricted areas which have been made. For this reason and for purposes of comparison we shall discuss this question briefly with respect to England.

When we turn to the problem of the extent of poverty in England we find much the same difficulties in the way of estimating this amount as in this country. For example, let us take the question of the amount of pauperism. During the year 1910 public relief was given to 923,433 persons in England and Wales, or about two and one-half per cent of the total population. If we exclude the lunatics to whom aid was given, indoor relief was given to 291,854 persons, and outdoor relief to 539,004 persons. These two groups constituted about two and three-tenths per cent of the total population.[1] But it is evident that these figures give no indication of the large amount of private aid which was given, and are therefore quite inadequate as indicating the extent of pauperism.

Several investigations have been made which give some indication of the extent of poverty in England. The two most important are those by Booth and by Rowntree.

Booth conducted a very extensive investigation in London in the course of which were studied the incomes, expenditures, etc., of many thousands of individuals and of families. As a result of this investigation he classified the population of London into eight classes, which he describes as follows: —[2]

[1] *Comparative Statement of Pauperism in England and Wales*, London, 1910.

[2] Charles Booth, *Labour and Life of the People of London*, London, 1891, Vol. I, p. 33.

"The 8 classes into which I have divided these people are:

A. The lowest class of occasional labourers, loafers, and semi-criminals.
B. Casual earnings—'very poor.'
C. Intermittent earnings } together the 'poor.'
D. Small regular earnings }
E. Regular standard earnings — above the line of poverty.
F. Higher class labour.
G. Lower middle class.
H. Upper middle class.

"The divisions indicated here by 'poor' and 'very poor' are necessarily arbitrary. By the word 'poor' I mean to describe those who have a sufficiently regular though bare income, such as 18*s.* to 21*s.* per week for a moderate family, and by 'very poor' those who from any cause fall much below this standard. The 'poor' are those whose means may be sufficient, but barely sufficient, for decent independent life; the 'very poor' those whose means are insufficient for this according to the usual standard of life in this country. My 'poor' may be described as living under a struggle to obtain the necessaries of life and make both ends meet; while the 'very poor' live in a state of chronic want."

Booth's investigation was carried on mainly during the years 1886–8, and at the end of it he distributed the population of London among his eight classes as follows:—[1]

POPULATION OF LONDON IN ABOUT THE YEAR 1888 ACCORDING TO CHARLES BOOTH

| | | | |
|---|---|---|---|
| A (lowest) | 36,610 | or .9 per cent | In poverty, |
| B (very poor) | 316,834 | " 7.5 per cent | 30.7 per |
| C and D (poor) | 938,293 | " 22.3 per cent | cent |
| E and F (working class, comfortable) | 2,166,503 | " 51.5 per cent | In comfort, |
| G and H (middle class and above) | 749,930 | " 17.8 per cent | 69.3 per cent |
| | 4,209,170 | 100 per cent | |
| Inmates of Institutions | 99,830 | | |
| | 4,309,000 | | |

[1] *Op. cit.*, Vol. II, p. 21.

In 1899 Rowntree made an intensive investigation of the condition of the wage-earning class in York, which is a small provincial city. The results of his investigation are of great value, especially when compared with Booth's investigation in London. The population of York he classified as follows: —[1]

POPULATION OF YORK IN THE YEAR 1899 ACCORDING TO ROWNTREE

| *Class* *Family income (for moderate family *)* | *Number of persons in each class* | *Percentage in each class calculated upon total wage-earners in York *** | *Percentage of whole population* |
|---|---|---|---|
| A. Under 18*s.* per week | 1,957 | 4.2 | 2.6 |
| B. 18*s.* and under 21*s.* | 4,492 | 9.6 | 5.9 |
| C. 21*s.* and under 30*s.* | 15,710 | 33.6 | 20.7 |
| D. Over 30*s.* | 24,595 | 52.6 | 32.4 |
| E. Female domestic servants | 4,296 | ... | 5.7 |
| F. Servant-keeping class | 21,830 | ... | 28.8 |
| G. In public institutions | 2,932 | ... | 3.9 |
| | 75,812 | 100.0 | 100.0 |

* By a moderate family is meant a family consisting of father, mother, and from two to four children.

** Excluding domestic servants and persons in public institutions.

In order to determine how much of this population was living in poverty, it was necessary for Rowntree to establish a standard of living. First he divided the poor into two sections, namely, those living in "primary" poverty "whose total earnings are insufficient to obtain the minimum necessaries for the maintenance of merely physical efficiency,"[2] and those living in "secondary" poverty "whose total earnings would be sufficient for the maintenance of merely physical efficiency were it not that some portion of it is absorbed by other expenditure, either useful or wasteful."[3] After a careful calculation of the cost of the minimum necessaries he constructed a table showing the minimum necessary expenditure per week for families of various sizes. For example, for a family of one man, one woman, and three

[1] B. Seebohm Rowntree, *Poverty, A Study of Town Life*, London, 1901, p. 31.

[2] *Op. cit.*, p. 86.

[3] *Op. cit.*, pp. 86–7.

children living in York, he estimated this minimum expenditure to be 21*s.* 8*d.*[1] Any family with an income smaller than this amount would be in a state of primary poverty. On the basis of this table he found that "no less than 1,465 families, comprising 7,230 persons, were living in 'primary' poverty. *This is equal to* 15.46 *per cent of the wage-earning class in York, and to* 9.91 *per cent of the whole population of the city.*" [2]

In order to determine the number in secondary poverty, Rowntree estimated how many were forced to spend some of their income for a useful purpose or wasted some of it on drink or otherwise, so that not enough was left to maintain physical efficiency, and found that "13,072 *persons, or* 17.93 *per cent of the population, were living in 'secondary' poverty.*" [3] Adding together those in primary and those in secondary poverty in York, "it was found that families comprising 20,302 *persons, equal to* 43.4 *per cent of the wage-earning class, and to* 27.84 *per cent of the total population of the city, were living in poverty.*[3]

It is evident that the results of Booth's and of Rowntree's investigations were very similar, since Booth found 30.4 per cent in poverty in London, and Rowntree found 27.84 per cent in poverty in York. Unfortunately their investigations were made about ten years apart. However, this vitiates the value of the comparison very little if at all.

In 1912 Bowley made a similar investigation in the city of Reading, but on a much smaller scale. He took only samples of the wage-earning class and investigated about six hundred families. After studying carefully their incomes and expenditures, he came to the conclusion that "*from* 25 *to* 30 *per cent of the working-class population of Reading were in* 1912, *so far as they were dependent on their earnings, pensions and possessions, below Mr. Rowntree's standard.*" [4] He found that "*more than half the working-class children of Reading, during some part of their first fourteen years, live in households where the standard of life in question is not attained.*" [5] It appears that the rate of wages is un-

[1] In 1913 Rowntree estimated this minimum expenditure at 23*s.* 9*d.* (*The Way to Industrial Peace and the Problem of Unemployment*, London, 1914, p. 70.)

[2] *Op. cit.*, p. 111.

[3] *Op. cit.*, p. 117.

[4] A. L. Bowley, *Working-Class Households in Reading*, in the *Jour. of the Royal Statistical Soc.*, June, 1913, pp. 672–701.

[5] *Op. cit.*, p. 692.

usually low in Reading, so that the amount of poverty in that city is probably abnormally high. With respect to the country as a whole Bowley reached the following conclusion: — "Assuming about the same amount of poverty, due to other causes, as in Reading or York, we shall find, I think, somewhat over 13 per cent of the *industrial* working-class population of Great Britain below the standard at any one time as compared with 15½ per cent in York and 25 to 30 per cent in Reading." [1]

In 1912 Money estimated that, owing to the increase in the cost of living, Rowntree's primary poverty line must be raised from 21*s*. 8*d*. to 24*s*. 1*d*., a rise of about eleven per cent.[2] As wages have not risen correspondingly, he thinks that the proportion of people living in poverty must have increased since 1899. "The rise in money wages since 1899 has been about 6 per cent, which has only covered part of the increase in costs." [2]

In 1914 Money proposed a poverty line somewhat higher than that of Rowntree, in which small allowances are made in the standard of living for amusements, reading matter, dues for societies, etc.; whereas Rowntree had made no allowance whatever for any of these things in his standard. To attain this standard Money estimates a minimum expenditure of 45*s*. a week is necessary for a family of two adults and three children. After allowing four weeks for unemployment he estimates that the workman must earn, while at work, over 48*s*. a week. But, as he points out, very few of the British workmen earn as much as this. "It is doubtful, however, whether as many as 750,000 adult working men in this country earn as much as 48*s*. a week, and it is clear, therefore, that modest as is the standard we have suggested as a poverty line, the great mass of the people of the United Kingdom are below it." [3]

These data indicate that poverty is as extensive in England as it is in this country, and probably is somewhat more so. The investigation of the British Board of Trade, which has already been cited in this chapter, tends to confirm this opinion, because it indicates that the English workmen are not as well off

[1] *Op. cit.*, p. 694. See also A. L. Bowley and A. R. Burnett-Hurst, *Livelihood and Poverty*, London, 1915. This book contains studies of Northampton, Warrington, Stanley, and Reading, which confirm the above estimates.

[2] L. G. Chiozza Money, *Things That Matter*, London, 1912, p. 254.

[3] L. G. Chiozza Money, *The Nation's Wealth*, London, 1914, p. 93.

as the American. The Board states its conclusion as follows: — "Comparison of wages, hours of labor, rents, and prices in the area of investigation in the two countries has been made on the assumption that an English workman with an average family maintained under American conditions the standard of consumption as regards food to which he had been accustomed. Under such conditions the workman's wages would be higher in the United States by about 130 per cent, with slightly shorter hours, while on the other hand his expenditure on food and rent would be higher by about 52 per cent." [1]

## The Significance of the Great Extent of Poverty

This chapter and the two preceding have shown that, owing to the smallness of incomes, a large number of people are in a state of poverty, or, at any rate, their capacity to spend is very small. We have not discussed the causes of this situation, and shall not do so at this point. But it is quite evident that the inequality in the distribution of wealth which this indicates is more or less characteristic of the present economic system. Whether or not this can and should be changed is a question which will be touched upon later in this book, when we discuss remedies for poverty and its attendant evils. But it is well not to arrive hastily at a conclusion regarding this question, for it involves many economic and sociological problems of a fundamental nature which cannot be solved easily.

[1] *Op. cit.*, p. 556. The Board in its investigation seems to have studied in the main the highly paid skilled workmen.

## CHAPTER IX

## UNEMPLOYMENT

Statistics of unemployment in the United States — Unemployment in England — Causes of unemployment: personal traits; seasonal trades; casual occupations; the trade cycle; industrial warfare — Evil results from unemployment.

In the last three chapters we have been discussing the smallness of incomes which is the immediate cause of all poverty. We shall now discuss some of the specific causes of this smallness of income, and therefore of their poverty, which characterize the lives of many of the poor. But these causes do not account fully for the low level of incomes and unequal distribution of wealth which we have described, and which are due in the main to more fundamental factors. These factors we shall discuss later in this book.

### Statistics of Unemployment

The first specific cause which we shall discuss is unemployment. It is obvious that if a person who is being paid for his labor at a low rate loses much work through unemployment, it will mean a reduction in his income which will be a serious matter to him, and which may push him below the poverty line. In fact, the extent of unemployment must always be taken into consideration in estimating individual and family incomes. This was not done in the case of all the income statistics which have been quoted, so that some of these figures should be still lower than they are. The reason why allowance is not always made for unemployment is that it is very difficult to estimate its extent. Unfortunately, under our present system of private industrial enterprize, it is impossible to secure an accurate record of the amount of unemployment. The best we can do is to take some of the most reliable statistics of unemployment among a limited number of individuals and regard them as more or less

representative of unemployment in general. As the U. S. Bureau of Labor has said in one of its bulletins: — "To the frequent question as to the amount of unemployment in this country the reply must be that the statistics do not make possible any estimate of the number of unemployed persons in the United States at any time." [1]

Another difficulty in dealing with these figures is that distinction is not always made between the different conditions under which men are unemployed. A man may not work owing to illness or accident, or because he is taking a vacation from work, or because he is too lazy to be willing to work. But the sense in which ordinarily the term unemployment is technically used is that a man who is able and willing to work is unable to find the opportunity to do so. Inasmuch as this distinction is not always recognized, we cannot always be certain that unemployment statistics represent only what is unemployment in the technical sense. However, keeping these difficulties in mind, let us review some of the best statistics of unemployment.

The Census Bureau has not as yet furnished very satisfactory statistics of unemployment. The Bureau reported that in 1900 of 23,753,836 males 10 years of age and over engaged in gainful occupations 5,227,472, or 22.0 per cent, were unemployed at some time during the year; and of 5,319,397 females 10 years of age and over engaged in gainful occupations 1,241,492, or 23.3 per cent, were unemployed at some time during the year; thus making out of a total of 29,073,233 persons 10 years of age and over engaged in gainful occupations 6,468,964, or 22.3 per cent, unemployed at some time during the year.

The distribution by periods of months of those unemployed at some time during the year 1900 was as follows: — [2]

PERSONS UNEMPLOYED

| | *1 to 3 mos.* | | *4 to 6 mos.* | | *7 to 12 mos.* | | *Total* | |
|---|---|---|---|---|---|---|---|---|
| | *Number* | *Per cent* | *Number* | *Per cent* | *Number* | *Per cent* | *Number* | *Per cent* |
| Males | 2,593,136 | 49.6 | 2,069,546 | 39.6 | 564,790 | 10.8 | 5,227,472 | 100 |
| Females | 584,617 | 47.1 | 485,379 | 39.1 | 171,496 | 13.8 | 1,241,492 | 100 |
| Both sexes | 3,177,753 | 49.1 | 2,554,925 | 39.5 | 736,286 | 11.4 | 6,468,964 | 100 |

[1] U. S. Census Bulletin 109, *Statistics of Unemployment and the Work of Employment Offices*, 1912, p. 6.

[2] *Occupations at the 12th Census*, Washington, 1904, pp. ccxxxv.

The Bureau states that it is impossible to determine how many of these persons were idle from choice, and how many were unable to find employment. Furthermore, part of this large group were very young, many of them being school children for a part of the year. But taking the figures as they stand they indicate that about one out of every five persons reported gainfully employed were unemployed at some time during the year, and that over half of these persons were unemployed over three months. It is impossible to estimate precisely the average unemployment from these figures, but it is reasonable to suppose that many persons must have suffered distress from prolonged unemployment.[1]

The Census of Manufactures indicated the irregularity of employment, and thus indirectly the degree of unemployment, by the fluctuations in the labor force of various industries in 1909, as given in the following table: —[2]

| *Industries* | *Per cent of minimum on maximum number of employees* |
|---|---|
| Steel works and rolling mills | 75.8 |
| Foundry and machine shop products | 80.7 |
| Lumber and timber products | 87.8 |
| Car building and repairs | 89.1 |
| Woolen, worsted, and felt goods, and wool hats | 91.0 |
| Tobacco manufactures | 91.6 |
| Clothing, men's, including shirts | 91.8 |
| Boots and shoes | 91.8 |
| Printing and publishing | 93.3 |
| Cotton goods | 97.6 |

This table reveals a wide variation in these industries with respect to the degree of fluctuation. In the industry in which

[1] Rubinow, in commenting upon the national significance of these figures, speaks as follows: — "Over one-half of these 6,500,000, and possibly three-fourths of them, suffered from unemployment to a degree which could not fail to cause national distress. The total time lost to the productive industries of the country was enormous. An approximate estimate would indicate that during one year over 1,900,000 years of productive labor were lost; or what amounts to the same thing, of 29,000,000 gainfully employed, on an average nearly 2,000,000 had been idle throughout the whole year." (I. M. Rubinow, *Social Insurance*, New York, 1913, p. 445.)

[2] *Abstract of Statistics of Manufactures of the U. S.*, 1910, p. 22.

there was the most fluctuation there were at one time during the year barely three-fourths of the maximum number employed, while in the industry in which there was the least fluctuation the minimum fell less than two and one-half per cent below the maximum. It goes without saying that if these industries could dovetail into each other in such a fashion that workers could pass from one to another, such fluctuations would cause very little or no unemployment. But we have reason to believe that such dovetailing takes place only to a very limited extent for skilled workers, on which point some evidence will be furnished presently; so that under present conditions such fluctuations reveal the cause of a great deal of unemployment, namely, the irregularity of production due to seasonal or economic causes.

The U. S. Bureau of Labor in its investigation of the cost of living of 25,440 families about the year 1901, to which we have already referred, secured the following data with regard to unemployment.[1] It found that 50.19 per cent, or slightly more than half, of the heads of these families were idle at some time during the year. These persons who were idle averaged 9.43 weeks of idleness during the year. The average amount of idleness for all the heads of families was 4.70 weeks. These data are probably somewhat more accurate than most data with regard to unemployment. However, the figures include idleness of all sorts, so that it is impossible to determine how much of it was unemployment in the strict sense of the term. So far as information with regard to the causes of the idleness is given, lack of work was by far the most frequent cause. The other important causes in the order of their frequency were sickness, strikes, bad weather, and accidents.

The labor organizations have gathered a good deal of data regarding unemployment. For example, nearly two hundred unions in New York with an aggregate membership of about 100,000 have been reporting the percentage of unemployment at the end of each month to the State Department of Labor for some years past. It appears from these reports that between December, 1901, and December, 1911, the per cent of those unemployed in these unions ranged from 5.6 in October, 1905,

[1] *18th Annual Report of the U. S. Commissioner of Labor*, 1903, pp. 42–45.

to 37.5 in February and March, 1908.[1] This indicates a wide variation. But, on the whole, the percentages approach the higher rather than the lower limit, and this is especially true during the latter half of this period. When we compare these New York figures with other union statistics, we find that the percentage of unemployment in New York seems to be much higher than elsewhere. This may be due to the fact that seasonal trades, such as the building and the clothing trades, play a larger part in the New York figures than elsewhere. Or it may be due to differences in the way in which the data were secured. Further analysis of the New York figures reveals the fact that there is much more unemployment during the first quarter of the year than during the third quarter, that there are more idle at the end of March than at the end of September, which indicates the seasonal influence. The figures also reveal a cyclical movement covering a number of years, so that the amount of unemployment varies from year to year. These facts seem to be confirmed by data from other parts of the country.

The Census Bureau has stated very well the significance of these trade union data, so that I will quote at some length from its conclusions: —

" Whether or not the New York data are sufficient to establish the probability that periods of high unemployment will recur every four years or thereabouts, they do clearly establish that the amount of unemployment is by no means constant, but that it varies from month to month, from season to season, and from year to year.

" This fact is most instructive in view of the assertion sometimes made that the unemployment question in the United States is unimportant; that all desiring work in this country can obtain it; and that those who are idle, although able to work, are idle from choice.

" Were it true that the unemployment of able-bodied persons is due solely or largely to laziness, the amount of unemployment would, it is obvious, remain fairly constant. Not many more persons are sick or disabled or lazy in winter than in summer, and certainly no more in 1904 and in 1908 than in the intervening years. Yet among union workers in New York and Massachusetts two or three times as many are idle at the end of March as at the end of September each year; and in New York only about half as many were idle in 1905 as in

[1] From N. Y. Dept. of Labor bulletins. Summarized in the U. S. Census Bul. 109.

1904, with a still lower percentage in 1906. In 1908 nearly four times as many were reported idle as in 1906 on the last days of both March and September. In September, 1905, only 4.8 per cent of all union workers in New York were reported idle. In March, 1906, the percentage was twice as great. By March, 1907, it had doubled again. Clearly incapacity or laziness, or both combined, do not vary to the extent thus indicated.

"The weather is doubtless an important factor in causing seasonal fluctuations, but cannot account for variations from year to year. Labor disputes, the New York statistics show, were a more important factor in years of low unemployment than in other years.

"It becomes obvious, therefore, that the great changes in the amount of unemployment are due primarily to variations in the demand for labor. Industry needs more workers in September than in March, and it needed more in 1905, 1906, and 1907 than in 1904 and 1908." [1]

These trade union data usually furnish information also regarding the causes of the unemployment. From the New York data we have been discussing we find that during the five years 1907–1911, inclusive, the following were the important causes, given by percentage of cases in which each was the cause. At the end of March during these years, lack of work was the cause, in from 66.8 to 89.6 per cent of the cases; the weather in from 5.8 to 20.0 per cent; disability in from 2.8 to 6.1 per cent; labor disputes in from 1.1 to 10.9 per cent; lack of stock in from .4 to 4.2 per cent. At the end of September during the same years, lack of work was the cause in from 62.3 to 88.8 per cent of the cases; labor disputes in from 2.8 to 28.0 per cent; disability in from 3.8 to 8.1 per cent; lack of stock in from 1.3 to 6.8 per cent; the weather in from .2 to 2.4 per cent. It is obvious that lack of work is by far the most important cause, but varies considerably in amount, as do all the other causes. The weather is an important factor in the winter.

The Census Bureau, in commenting upon the variations in these causes, speaks as follows: — "This brief consideration of causes of unemployment is sufficient to establish as fallacious the frequent assertion that all who desire work in the United States can obtain it. Even if at the best seasons of the best years, industrially, all who wanted work were employed, some would be out of work the next month, and many more, it is evident from the above considerations,

[1] *Bul. 109*, 1912, pp. 31–2.

the following year or within a very few years. Those who became unemployed would, of course, be the less efficient, but if all were equally capable, some would lose their jobs simply because industry could not use them." [1]

In 1910 the New York State Commission on Employers' Liability and Unemployment investigated the extent of unemployment in the State of New York. After gathering the testimony of employers and of workmen, data with regard to the number of unemployed at relief agencies and the number of applicants at employment offices, data from censuses and special investigations, trade union statistics, etc., the Commission came to the following conclusion with respect to the number of the unemployed: —

"On these facts we base our statement that at all times of the year in every industrial center of the State able-bodied men are forced to remain idle though willing to work. On any given day during the year, at least 3 per cent of our wage-earners are involuntarily idle. Usually there are 10 per cent. These idle men must always be on hand to meet the fluctuating demands of the industries of the State.

"Summarizing the data at our command, we should say that in ordinary years of business prosperity, taking all industries into consideration, out of every 100 persons, 60 will be steadily employed; 40 will be working irregularly. Of those who have irregular employment 3 will always be out of work. The percentages vary with the different industries, but the experience is characteristic of every industry." [2]

With regard to the amount of time and wages lost through unemployment the Commission came to the following conclusion: —

"While there is little accurate information available as to the exact number unemployed at any one time, there is enough to show that about 40 per cent of our wage-earners suffer some unemployment every year, that on the average they lose ten weeks each, and that the loss in wages amounts to 29 per cent of what the earnings would be were employment steady throughout the year." [3]

[1] *Op. cit.*, pp. 33–4.

[2] W. M. Leiserson, *Unemployment in the State of New York*, New York, 1911, Appendix No. 1. Report of Committee on Unemployment, p. 38.

[3] *Op. cit.*, p. 69.

It would be possible to cite many more statistics of unemployment, but we have not the space to do so. However, with all the statistics available we could not arrive at an accurate estimate of the average amount of unemployment. In 1911 Nearing estimated twenty per cent as the average amount of unemployed time for all of the working class.[1] But this is very doubtful. In 1913 the U. S. Bureau of Labor estimated that in the steel industry an average employee in a prosperous year loses eight weeks, or at least thirteen per cent of the total working year.[2] We have seen from a table earlier in this chapter that the fluctuations in employment in the steel mills are greater than in many industries, so that it would not be safe to draw any general deductions from this estimate.

Most of the above statistics are with respect to skilled workmen, since it is very difficult to secure such statistics with respect to the unskilled. Whether or not there is more unemployment among the unskilled than among the skilled, it is difficult if not impossible to ascertain. Since much of the unskilled labor is engaged in casual work, it may seem probable that there is more unemployment among the unskilled than among the skilled. But it must be remembered that it is easier for the unskilled to pass from one occupation to another and thus to dovetail occupations, while it is usually very difficult for the skilled laborer to do this, for most skilled trades cannot be dovetailed into each other and the skilled laborer cannot usually afford to lower his standard of wages by taking up unskilled labor. The slight extent to which skilled workmen engage in other lines of work is indicated by an investigation made by the Bureau of Railway Economics in 1913. It investigated the extent of employment and earnings at other work, during periods of unemployment in their regular trades, of 1185 workmen in seven trades, namely, bricklayers, carpenters, painters, plasterers, plumbers, machinists, and molders, in twelve cities in different parts of this country. It found that, during the year 1913, the plumbers investigated in Pittsburgh were employed 1.63 weeks on the average outside of their own trade, and that, during the same year, the painters investigated in Denver

[1] *Wages in the United States 1908–1910*, New York, 1911, p. 214.

[2] *Labor Conditions in Iron and Steel Industry*, Washington, 1913, Vol. 3, p. 214.

were employed 1.27 weeks on the average outside of their own trade. But in every other case the average employment outside of the regular trade was less than one week. The Bureau naturally concludes from this that "it is evident that union workmen do not, to any appreciable extent, engage in other work during periods of enforced unemployment in their regular trades." [1]

## Unemployment in England

Let us now discuss briefly unemployment in England, for purposes of comparison. The British Board of Trade secures statistics of unemployment from the trade unions, as is done by the labor bureaus in this country. The average of unemployment for all the trade unions making returns during the fourteen years from 1894 to 1907, inclusive, was 4.4 per cent. The highest percentage was in 1894, when it was 6.9, and the lowest was in 1899, when it fell to 2.4. At the end of this period the number of trade unionists included in these returns was about 650,000, which was less than one-third of all the unionists in the country, while all the unionists are less than one-fourth of all the industrial manual workers in the country.[2] The workers included in these returns were in the main skilled. More detailed figures could be cited from the records of the Board of Trade, but would not help us materially in this connection.

The most careful intensive investigation of unemployment which has been made in England was made by Rowntree in York on the 7th of June, 1910. The weather was fine on this day and had been so for a week. Commercial conditions were reputed to be about half-way between normal trade and acute depression, which fact indicates that the unemployment may have been a little above the average. But, on the other hand, unemployment is said to be more severe in winter than in summer in York, while employment in the chief industries in the city

[1] Bureau of Railway Economics, *Earnings and Cost of Living of Skilled Workmen in the East and in the West*, Washington, 1914, pp. 19 and 41. The workmen investigated included 180 bricklayers, 246 carpenters, 195 painters, 142 plasterers, 169 plumbers, 136 machinists, and 117 molders.

[2] See W. H. Beveridge, *Unemployment*, London, 1912, p. 18. Also see diagrams in A. C. Pigou, *Unemployment*, London, 1913; and in Geoffrey Drage, *The Unemployed*, London, 1894.

is very stable. The population of the city at that time was about 82,000. The definition of unemployment adopted for the purposes of this investigation was as follows: — "*A person is unemployed who is seeking work for wages, but unable to find any suited to his capacities and under conditions which are reasonable, judged by local standards.*" In accordance with this definition those who were not working on account of temporary incapacity owing to illness, or to permanent incapacity owing to mental deficiency or physical defect, were not included among the unemployed. The results of this census of the unemployed are indicated in the following table: — [1]

UNEMPLOYED IN YORK ON THE 7TH OF JUNE, 1910

| | Number | Per cent of total | Per cent of total occupied persons above 10 yrs. of age |
|---|---|---|---|
| Youths under 19 years of age | 129 | 10.1 | Male 4.4 |
| Men who have been in regular employment within the last two years, and are still seeking it | 291 | 22.8 | |
| Casual workers | 441 | 34.5 | |
| Workers in the building trades | 173 | 13.5 | |
| Work-shy | 105 | 8.2 | |
| Women and girls | 139 | 10.9 | Female 1.5 |
| | 1,278 | | |

Rowntree calculated that if the percentages were reckoned on the basis of the number of the working class in York, 5.5 per cent of the males were unemployed and 1.9 of the females were unemployed. This investigation was particularly interesting because in it the attempt was made to enumerate only those who are unemployed in the strict sense of the term, which was defined in the early part of this chapter.

In England as in this country the data are not sufficient to

[1] B. Seebohm Rowntree and Bruno Lasker, *Unemployment, A Social Study*, London, 1911, p. 302.

determine exactly the average amount of unemployment, though various estimates have been made.[1] But the above cited figures indicate that unemployment is very extensive in England as it is in this country. We have not the space to cite further statistics from England or from other countries.[2]

## Causes of Unemployment

The causes of unemployment have already been suggested to a certain extent in the preceding discussion. It is absolutely impossible to determine to what extent each of these factors causes unemployment. Some of these causes are in the individual. Mental or physical defects, sickness or accident render many individuals incapable of working, or make them so inefficient that it is very difficult for them to secure work. So that data with respect to the extent of these characteristics will give a very rough indication of the strength of these forces for unemployment. For example, it was estimated in 1909 that there are probably at all times as many as three million persons who are seriously ill in this country. This means an average loss for each inhabitant of thirteen days per annum. To this must be added several days of time lost on account of minor ailments.[3] Many of these are persons who might otherwise be at work. Elsewhere in this chapter and in this book are given additional data as to the personal characteristics which cause unemployment. These individual causes are frequently combined with economic and social causes. Thus when, owing to an industrial depression, the amount of work lessens, the less efficient workmen are usually the first to be discharged. In this case the personal characteristics have nothing to do with determining the total amount of unemployment, but have much to do with determining which persons are to be unemployed.

[1] In 1866 Leone Levi estimated that four weeks per annum were lost on the average by manual workers in the United Kingdom. In 1867 Dudley Baxter estimated the same at ten weeks. In 1904 Bowley estimated that six weeks are lost through sickness and holidays, and then made an additional allowance for unemployment. In 1910 Money estimated that eight weeks are lost. (See Money, *Riches and Poverty*, 1911, pp. 25–9.)

[2] For statistics from various parts of the world see S. J. Chapman, *Work and Wages*, Part II, London, 1908, pp. 385–400.

[3] Irving Fisher, *Report on National Vitality*, Washington, 1909, p. 34.

Most if not all of the important causes of unemployment outside of the individual have already been noted in the data which have been furnished in this chapter. We have seen that the seasons cause a certain amount of unemployment because so many trades are seasonal in their character, and these trades have not yet been dovetailed in such a fashion as to furnish employment the year around to those engaged in them. Certain kinds of work such as dock labor are casual in the sense that they are very irregular. Here again these casual occupations have not been dovetailed in such a fashion as to furnish steady employment. In our statistics of unemployment we have noted cycles which indicate that industrial conditions sometimes increase greatly the amount of unemployment. This is due to the trade cycle. When there is a so-called period of prosperity, the amount produced is greatly increased and trade is very brisk. Consequently there is a heavy demand for labor which takes up most if not all of the available labor supply. But when an industrial depression comes along, production is reduced greatly, trade becomes dull, and the demand for labor falls, thus increasing greatly the number of the unemployed. Closely related to this cause is the lack of stock and transportation facilities which has appeared in our data, and which is another example of maladjustment in our industrial and commercial organization. Industrial warfare, as indicated by strikes and boycotts, is still another factor. As we shall see later, it is very probable that the aggregate result of this warfare has been to lessen the amount of unemployment through the advantages it has gained for labor. But while the warfare is going on its immediate effect frequently is to give rise to unemployment.

These are the important causes of unemployment. It is evident that some of them, such as the trade cycle, industrial warfare, etc., are due to the economic organization of society, so that to analyze these causes fully it would be necessary to analyze this organization. We cannot do this at length in this book, though we shall discuss this subject briefly in the latter part of this book. Some of the more specific and immediate causes of unemployment will be indicated in the two following chapters and elsewhere in this book.

### Evil Results from Unemployment

Some of the evil results of unemployment have also been suggested. Looking at it from the point of view of the worker, it is evident that, in view of the very small incomes of most of these workers, it is a great hardship to have many of these incomes still further curtailed by periods of enforced idleness. Furthermore, on account of the uncertainty and irregularity of employment the workers suffer greatly from anxiety and worry, while the enforced idleness, when greatly prolonged, results in many cases in a deterioration of the efficiency of the worker. Looking at it from the social point of view, it is evident that unemployment must result in much pauperism and dependency, the weight of which must be borne by society. But by far the worst social result is that much of the productive power of society is being wasted, so that the supply of wealth to be consumed by society is greatly lessened.

In view of the deep-lying character of some of the causes of unemployment, it is evident that it cannot be prevented entirely, and perhaps not even in large part, without fundamental changes in the economic organization of society. In the latter part of this book we shall discuss some of the remedies for unemployment, and the changes in economic organization which may abolish it entirely or in large part.

# CHAPTER X

## THE SWEATING SYSTEM

Characteristics of the sweating system — Evolution of the sweating system — Causes of sweating: excessive supply of labor; congestion of urban population; immigration; woman and child labor; competition of small capitalists; irregularity of employment; lack of legislative regulation and of organization of laborers — Statistics of sweated industries.

The "sweating system" is the name given to certain conditions which have been prevalent in our modern industrial organization, and which still exist to a considerable extent. The original meaning of the term in England in the early part of the last century was that labor was sub-contracted, "the difference between the price paid the contractor and the price paid the sub-contractor or actual worker being considered as 'sweated' from the normal earnings of the latter." [1] The term is said to have originated among journeyman tailors in London who applied it to work taken home at night to be done by the tailors and their families outside of the regular working hours.[2]

### Characteristics of the Sweating System

Sweating has perhaps existed to the greatest extent in the clothing trade, and has been much discussed with respect to that trade. But it has existed and does exist in many other trades as well. The term used to be confined to work done at home or in the so-called "sweat shops." But in recent years it has been applied to any kind of work done under the conditions which are characteristic of sweating. The two fundamental conditions are low wages and long hours. Almost as important as these are the insanitary conditions under which the work is usually performed. Frequently also there is the use

[1] T. S. Adams and H. L. Sumner, *Labor Problems*, New York, 1905, p. 113.

[2] See Chas. Booth, *Life and Labours of the People in London*, London, 1893, p. 328.

of labor which from the social point of view is unsuitable, such as the labor of young children, of women who should be giving their time and strength to the breeding and rearing of children, and of adults of both sexes who are physically unfit for the strain of sweated labor. Thus we see that under the head of sweating are now included many of the evils connected with the modern industrial system.

The sweating system has been well described, particularly with respect to its character in this country, in the following words: —

"The sweated industries are survivals of the old form of domestic industry which preceded the factory system. There is no hard and fast line of demarcation between the sweated industries and those called factory industries on the one hand or those termed arts and crafts shops on the other. The distinguishing characteristics usually found in a sweated industry are low wages, a long working day, insanitary work-shops, and speeded-up workers; of these four characteristics the emphasis should be placed upon the first. The adjectives — low, long, insanitary, and speeded-up — are more or less indefinite, unstandardized, and changing. The conditions favorable to the development of sweated industries are found in large cities and their suburbs where it is easy to obtain immigrant, women, and children laborers, in industries in which inexpensive or no machinery is necessary, in businesses where the contract system is used, and in industries in which the demand for products is irregular, seasonal, or highly individualized. Other characteristics are minute subdivision of labor, the lack of organization among the workers, and the difficulty of adequate inspection. A sweated industry is essentially a 'parasitic industry.' It is an industry in which the wages paid and the conditions of work are such that wage-earners and their families cannot be supported even upon a decent scale of living." [1]

## Evolution of the Sweating System

Various causes of sweating have been emphasized by different students of the subject. Many writers speak of sweated industry as a survival of home industry. It is true that the modern sweating system started in the home and much of it has been carried on in the home. But, as we have noted, much of it now is carried on outside of the home, either in small workshops or

[1] F. T. Carlton, *The History and Problems of Organized Labor*, Boston, 1911, p. 359.

sometimes in large factories. Furthermore, sweating in the home is quite different from the home industry which was characteristic of the time before the industrial revolution. At that time a completed product was usually turned out of the home, and the workman was more or less of an independent producer. Under the guild system the master associated with himself a few apprentices and journeymen, and the shop in the home of the master was organized in a manner which was partly paternalistic and partly fraternal. The apprentices and journeymen expected in course of time to become masters themselves. Towards the end of the guild system the cleavage between the masters and the journeymen became much greater, and an approach was made to the modern wage system. With the coming of the factory system the wage system appeared in its fully developed form, and home industry in the older sense of the term disappeared practically entirely.

But a new form of home industry upon an entirely different basis made its appearance. The introduction of machinery had lessened greatly the demand for labor, so that the competition between the workers became very keen. It goes without saying that there have been many times and places when and where there has been a relative over-supply of labor, but we are interested only in recent history, which is of special significance for present conditions.

As has already been indicated, journeyman tailors began to take work home to be done by themselves and their families in order to supplement their daily earnings. Thus arose the competition of woman and child labor with adult male labor, of work done in the home with work in the workshop and factory. The same thing happened in other kinds of work where the use of machinery was not absolutely necessary, even though sometimes the work could be done with less labor with the aid of machinery. The rise of this kind of home work led to the appearance of a class of small capitalists or middlemen who contracted for the doing of certain kinds of work and then sublet this work to workers in their homes. Thus this home work came to be more or less organized. Many of these contractors or sweaters went further and established shops, usually small but sometimes large, which were equipped with inexpensive machinery, where this work could be carried on. Thus arose the

so-called sweat shops. Then the competition became severe among the sweaters, so that in order to maintain a profitable business they were forced to reduce as far as possible the wages of their employees. This they did by reducing the rates paid in piece-work, by speeding up, etc. They were able to do this because of the bitter competition among the workers who, without organization amongst themselves or legislative protection, were at the mercy of their employers. Thus the sweating system became (in the main without any premeditation on the part of the sweaters), what a witness (Arnold White) before a committee of investigation of the British House of Lords in 1888 called a form of "grinding the faces of the poor." [1]

The preceding paragraph has given a very brief and summary account of the typical sweating system. It goes without saying that many qualifications would have to be made as to the forms in which it has appeared in different times and places. Furthermore, the characteristic evils of sweating have appeared in many factories and workshops, so that it has become customary to speak of any industry as sweated which displays these features.

## Causes of Sweating

Let us consider the important causes of sweating which have been emphasized by different writers, most of which have already been noted in the preceding paragraphs. Hobson emphasizes the "excessive supply of low-skilled and inefficient labour" from which the sweaters draw their workers.[2] This brings us at once to the heart of the problem of sweating, as well as of the labor problem in general. To begin with, it raises the question of population, which we shall discuss in two later chapters. Does this mean that the population in general and the wage-earning population in particular is reproducing itself too rapidly, thus creating an over-supply of labor? Or is sweating due to the fact that so many of the workers are so little trained that they are incapable of doing efficient work? Or is it because the system of economic production is so faultily organized that it is incapable of absorbing and making profitable use of all the available labor? If the first question states

[1] See *20th Annual Report*, N. Y. Bureau of Labor Statistics, 1902, p. 37.
[2] J. A. Hobson, *Problems of Poverty*, London, 1891, p. 89.

the truth, we are suffering from what is from the economic point of view over-population, and the only remedy is to check the increase of population. If the second is true, either private agencies or preferably the political organization should furnish the appropriate educational facilities to remedy these evils in the economic field. If the third is true, the need is for changes in the economic organization which will make possible the utilization of all the present supply of labor and a much larger supply in the future under conditions of comfort and well-being for the workers, in other words, above the poverty line. These are questions which we shall take up later.

One obvious factor in causing this excessive supply of labor, in the towns and cities where the sweating system has developed, has been the rural immigration to the city which has caused a congestion of urban population. We shall discuss the causes for this migration in a later chapter, and therefore will not touch upon them here. In this country much emphasis has been laid upon immigration from foreign countries to this country as a cause of sweating. This immigration has tended to increase the urban congestion, because many of the immigrants have remained in the cities. Furthermore, the immigrants form a class which is peculiarly likely to be victimized by the sweaters, because of their initial poverty, their ignorance of the language and customs of the country, and the difficulty of organizing them.[1]

The entrance of women and children into these industries, which has already been noted, usually at a much lower rate of wages, has been a further cause of this relative over-supply of labor. It must, however, be remembered that woman and child labor is frequently a result of sweating. In many cases it is not until the men have been sweated to such a degree that they are no longer able to support their families that the women and children enter industry. But after they enter these kinds of

[1] *Cf.* P. F. Hall, *Immigration and its Effects upon the United States*, 2d ed., New York, 1908, pp. 133–5. Speaking of the sweating system in this country Hall says that "the continually-arriving immigrant labor supplies the material and the motive power for the continuance of the system," and that according to the testimony before the U. S. Industrial Commission, "so long as a constant stream of cheap labor continues to flood our large cities, economic conditions will not right themselves."

labor, they usually become an additional cause of sweating, because of their willingness to underbid the adult males. It goes without saying that these remarks do not imply that there should be no woman or child labor whatever. On the contrary, all adult females who are not fully engaged in child bearing and rearing, or in other useful domestic activities, should be engaged in useful economic activity. There is no more justification for female than for male idleness and parasitism. Furthermore, a certain amount of labor may be beneficial to children. But when the labor is so long and difficult as to interfere with the peculiar functions of the women and with the healthy development of the children, it is a great evil. This is all the more true because under the present system of production such labor is almost certain to be exploited by the employers in such a way as to be detrimental to all kinds of labor. We shall have occasion to discuss the economic status of woman elsewhere in this book.

Booth has laid much emphasis upon intense competition among small capitalists, and what he calls the "multiplication of small masters," [1] which he found in East London, as causes of sweating. We have already noted that when the sweaters become numerous the competition amongst them becomes so bitter that they force the wages down as far as possible in order to make a profit. Furthermore, in small sweat shops the sanitary conditions are very likely to be bad, because the sweater lacks the capital which would enable him to equip a sanitary workshop. When the work is done at home the sanitary conditions are likely to be even worse. It is hardly necessary to point out the evil of these insanitary conditions in promoting disease and a general unhealthy physical condition in the workers. But it is also important to remember that such conditions lead to the dissemination of disease throughout the community at large, because the germs of disease are carried by the products of sweated industries to the consumers.

The implication of the last paragraph seems to be that the large shop, the factory, and the large capitalist should replace the home and small shop industries and the small capitalist. It is true that the large concern can afford a much better equipped place of work than the small one, and sometimes will provide it.

[1] *Op. cit.*, p. 339.

Furthermore, when legislative regulation is attempted it is frequently much more feasible to inspect a large shop than it is to inspect small shops and home work. Generally speaking, the organization of industry on a large scale leads to the saving of many wastes and greater efficiency. If the income from these economies could go to the working class, it would improve their condition materially. This has happened to a certain extent. But in all probability the major portion of what has been saved has gone to the employers, while into the factories have crept the same evils we have noted in the homes and sweat shops, namely, low wages, long hours, and insanitary conditions, so that the change to large scale industry does not necessarily eliminate these evils. However, it is possible that it is more feasible to eliminate them from the large factories than from the small shops and homes.

Irregularity of employment plays a part in sweating. When industry and trade are brisk there is a large demand for labor which leads to working overtime and thus to overwork, though at this time wages may go up somewhat. During times of depression wages are forced down even lower than usual. There are, however, certain industries suitable for sweating purposes which are not much affected by periods of depression. These can take advantage of depression in other industries to carry still further the sweating in their own. "The reports of the Immigration Commission show how during the long periods of depression in the steel industry the families of steel workers are supported on the lowest level of subsistence by the work of the women and children in cigar factories and other so-called 'complementary' industries. These industries locate in the steel towns to take advantage of the large supply of woman and child labor which cannot be utilized in the steel mills. As these factories are run with relative constancy, and are usually the only other industries in the steel towns which supply an outside market, it is largely through their assistance that the married employees are able to live through the long periods of depression." [1]

Lack of legislative regulation and of organization among the laborers are frequently mentioned among the causes of sweating.

[1] U. S. Bureau of Labor, *Report on Labor Conditions in Iron and Steel Industry*, Washington, 1913, Vol. 3, p. 214.

These are not causes in the positive sense. But it is true that when both of these are absent sweating is much more likely to exist. This is due to the weakness of the individual worker in the face of the employer. If the supply of labor is short, the individual worker, even though standing alone, may be able to dictate favorable terms. But if the competition among the laborers is severe, as is so often the case owing to the relative over-supply of labor, the individual is more or less at the mercy of the employer, unless he is aided by legislation or by organization with his fellow-laborers.

Mrs. Webb has well contrasted the position of the worker who stands alone with that of his employer. After describing how, at a time of equilibrium when the demand for and the supply of labor are just equal, the employer can afford to refuse the terms of the laborer, even though he may suffer a slight inconvenience by doing so, she goes on to say: — "But, meanwhile, he (the employer) goes on eating and drinking, his wife and family go on living, just as before. His physical comfort is not affected: he can afford to wait until the labourer comes back in a humbler frame of mind. And that is just what the labourer must presently do. For he, meanwhile, has lost his day. His very subsistence depends on his promptly coming to an agreement. If he stands out, he has no money to meet his weekly rent, or to buy food for his family. If he is obstinate, consumption of his little hoard, or the pawning of his furniture, may put off the catastrophe; but sooner or later slow starvation forces him to come to terms. This is no real freedom of contract. The alternative on one side is inconvenience; on the other it is starvation." [1]

Later in this book we shall discuss legislation in favor of the worker and the organization of the workers which enables them through collective bargaining frequently to enforce their demands upon the employers.

### Statistics of Sweated Industries

In the chapters on the distribution of wealth and incomes, the standard of living, and the extent of poverty, the wage statistics and the family budgets have furnished some evidence of sweating, so far as low wages are concerned. Numerous investigations in this and in other countries have secured a vast

[1] Mrs. Sidney Webb, *Women and the Factory Acts*, Fabian Tract No. 67.

amount of data upon all phases of sweating.[1] We have not the space here to present all of these data, but will give a few illustrative facts.

From 1913 to 1914 the New York State Factory Investigating Commission investigated a number of sweated industries in New York City and elsewhere in New York State. Among others it studied the confectionery industry in New York City. After investigating the wages of about 3,500 male workers and of about 5,000 female workers it found that "over half the minor male employees are paid less than $7.50 a week; and more than half the adult men factory workers receive less than $11. More than two-thirds of the girls under eighteen are rated below $5.50; and more than half the women shop hands above this age fail to achieve the $6.50 rate. So much may suffice to indicate the general levels of wages in the industry."[2] But while these are the rates of wages paid, the actual earnings fall considerably below these rates. "According to rates quoted, only 12.7 per cent. of the employees were rated under $5. But according to actual earnings, 21.7 per cent of all whose receipts were noted fell below that amount. On the other hand, 64.8 per cent might have been expected to receive more than $5 and less than $10. As a matter of fact, only 56.6 per cent actually received sums between these amounts. For amounts over $10, the proportions based on earnings are also slightly lower than those based on rates."[3] The Commission suggests as reasons for this fall in earnings that "the low paid employees are docked for absence, or are not paid the full amount if their output falls below standard. In one place girls are not paid for any time less than one week. As the rates are low, many soon become discouraged and leave. Thus the firm gets some work for nothing."[3] In order to see the significance of these facts with

[1] Of the discussions of this subject may be mentioned the works of Booth, Hobson, the Webbs, Miss Black, Adams and Sumner, Carlton, etc. Among the sources of data may be mentioned the many volumes of the Report of the U. S. Industrial Commission, which appeared about the year 1900; the numerous volumes of the Report of the U. S. Immigration Commission, which appeared about the year 1910; numerous reports and bulletins of the U. S. Bureau of Labor Statistics, especially its report on Woman and Child Wage Earners in the U. S., which appeared about the years 1910–12 in nineteen volumes; numerous publications of the N. Y. Bureau of Labor Statistics; the reports of the N. Y. State Factory Investigating Commission, which began to appear in 1912; many publications of the Mass. Bureau of Labor Statistics; etc. Similar reports have been published by the British Government and several of the Continental governments.

[2] *Third Report*, Albany, 1914, p. 81.

[3] *Op. cit.*, p. 83.

respect to this industry in the nation at large let us consider the following statistics. According to the Federal Census of Manufactures there were in 1909 in this country 1,944 of these confectionery establishments (not counting the small ones), with an average number in all of 44,638 wage-earners. In these establishments the value added by manufacture was over fifty-three millions of dollars, while less than sixteen millions, or considerably less than one-third, was paid in wages. Furthermore, it appears that in this industry since 1849 "the wage-earners have been multiplied 26 times; the wages paid 34 times; the value added in manufacture 40 times; the value of the product 48 times; and elsewhere it is reported that the capital involved has increased 68 fold." [1] The figures suggest that the workers are getting an abnormally small share of the product in this industry. However, it would be necessary to analyze very carefully the finances of the industry before this could be stated with certainty.

Another industry investigated by the Commission was the paper box industry in New York City. The wages of 9,105 employees were investigated, nearly two-thirds of whom were women and girls. The following conditions with respect to wages were found to be true: —

"Twelve dollars is the common rate for all males, and $6 for all female employees. The majority of men and boys are supposed to earn between $8 and $16; more than half the women and girls between $5 and $9. Over half the male help is rated below $12 and the majority of females under $6.50. Boys and girls under 18 years average between $5 and $6 a week; women over 18 center at about $9; adult men, at about $15 a week." [2]

But the actual earnings fell somewhat below these rates. "Almost 2,000 women, or nearly one-half of all over 18 years of age in the trade, earned less than $6 for a week's work. More than 700 girls under 18, or 43 per cent of those below this age, earned less than $5. More than 400 men, or over 20 per cent of all adult males, earned less than $10 in a week. Nearly half of all male minors received less than $7." [2]

The above figures give some indication of the low wages paid to many adult workers in sweated industries in a large city like New York where the cost of living is necessarily very high. Investigation of the domestic status of many of these workers showed that many of them were not only supporting themselves but aiding in the support of families as well. The Commission summed up the inadequacy of such wages in the following words: —

"This summary of wages actually received indicates clearly that there is not only room for, but necessity for improvement in wages paid. No woman can live properly on $5 or $6, or even $7, a week." [3]

[1] *Op. cit.*, p. 103. [2] *Op. cit.*, p. 41. [3] *Op. cit.*, p. 42.

## CHAPTER XI

# OTHER CONDITIONS OF LABOR AS CAUSES OF POVERTY

Overwork — Evil results from excessive fatigue — The extent of child labor — Evil results from child labor — The extent of woman labor — The utility of woman labor — Evil results from woman labor — Unsuitable adult male labor — Industrial warfare.

We shall now discuss briefly a number of conditions of labor, some of which are characteristic of the sweating system, and all of which are more or less prolific causes of poverty.

### Overwork

The first of these is overwork resulting in fatigue so excessive as to be injurious to the individual. It is hardly necessary to state that it would be impossible to measure the exact amount of such overwork. But such statistics as we have of protracted hours of labor give rough indications of the extent of overwork. Furthermore, certain characteristics of modern industry are of such a nature as to induce excessive fatigue, so that such fatigue is likely to be coincident with these characteristics. We will now discuss briefly a number of these characteristics.[1]

The work in certain industries is characterized by great speed, sometimes accompanied by great complexity of movement. This is usually due to the use of machines which are operated at a high rate of speed. Among the industries of which one or both of these characteristics are true may be mentioned the textile industry, the needle trades, the telephone service, etc. Speed, especially when combined with complexity, puts a great

[1] An excellent summary of this subject is given by Josephine Goldmark in her *Fatigue and Efficiency, A Study in Industry*, New York, 1913. In the early part of this book is given a brief statement of the physiological nature of fatigue. It goes without saying that the subject is fundamental to the study of fatigue. See A. Mosso, *Fatigue*, New York, 1904.

strain upon the worker which is certain to result in excessive fatigue.

Owing to the high degree of division and of subdivision of labor in modern industry, many occupations have become so monotonous as to constitute a new strain upon the worker. "If concentration and subdivision are part of the new efficiency they are part, too, of its new strain. So far as the workers are concerned, subdivision and concentration are added hardships of the long day. For they lead to that monotony which results from the endless repetition of the same operations, and against which the human spirit innately revolts. Monotony, indeed, may make highly taxing to our organism work which is ordinarily considered light and easy." [1] The effect of monotony is in part psychical, that is to say, the distaste for the work which is aroused by its lack of variety. But it has a serious physiological effect as well, because of the excessive strain it puts upon the nerve centers, muscles, and other organs used. Both the psychical and physiological evil effects may be prevented by alternating the monotonous work with other kinds of work.

The noise caused by the roar of the machinery in many modern industries has a very fatiguing effect upon the workers. Furthermore, the rhythmic movement of machinery is fixed and mechanical, and is usually faster than the rhythm which is natural to human beings. The natural rhythm aids work by alternating the periods of effort and of rest. But the mechanical rhythm interferes with the natural human rhythm, and is consequently very trying and tiring. Frequently there are several mechanical rhythms in the same workroom, which is still more distracting to the worker.

A good deal of manufacturing in modern industry is done under the piece-work system. This system is based upon the just principle that workers should be remunerated according to the amount they produce. But many employers endeavor to speed up their employees by adjusting the rate of payment to the amount produced by the most rapid workers, who thus become pacemakers for the rest and induce them to work at a rate of speed which is injurious to them. This condition is all the more likely to arise when the workers do not protect themselves by means of collective bargaining.

[1] Josephine Goldmark, *op. cit.*, p. 59.

Another feature of industry which induces excessive fatigue is overtime work. In certain seasonal or semi-seasonal occupations there is an excessive amount of work to be done at certain times, and the employers require their employees to work overtime. The workers are usually willing and glad to do so in order to supplement their meager earnings. The physiological injury caused by such work without adequate rest is sure to be great. "During overtime, leisure and rest are cut down at the very same time that heavier and longer demands are made upon the human organism. It is practically inevitable that the metabolic balance should be thrown out of gear. Regular seasonal overtime in such occupations as those cited above, leaves the worker with too great a physiological deficit. There is no rebound, or an infinitely slow one when our elastic capacities have been too tensely stretched." [1]

### Evil Results from Excessive Fatigue

There are numerous evil results from excessive fatigue apart from and in addition to its immediate effect upon the individual. Fatigue weakens the attention and the muscular control of the worker, and thus causes many of the industrial accidents which we shall discuss presently. Excessive fatigue makes the worker still more likely to make mistakes which will cause accidents to himself or to others.

It appears that excessive fatigue increases infant mortality and lowers the birth rate among working women. In view of the discussion of the relation between the growth of population and poverty in the following chapters, this may appear to be a blessing in disguise. But even though it may be desirable that the working class should not increase so rapidly, it goes without saying that the check upon its growth should come in some other fashion. Furthermore, it appears that the offspring of overworked mothers are usually physically stunted and weakened, as might be expected. Such physical deterioration, if it becomes sufficiently widespread, may lead to racial degeneration.

Overwork predisposes to disease and nervous disorders. Sometimes it prepares the way for specific occupational diseases. In some cases it leads directly to disease through the self-generated

[1] Josephine Goldmark, *op. cit.*, p. 88.

poisons of fatigue. Thus excessive fatigue becomes in itself almost an occupational disease, as well as an occupational danger.

## The Extent of Child Labor

The extent of child labor at the periods of the last three censuses is indicated in the following table: — [1]

Child Labor in the U. S., 1880–1910

| *Census Year and Sex* | *Total number* | *Children 10 to 15 years of age Engaged in gainful occupations* | |
|---|---|---|---|
| | | *Number* | *Per cent* |
| *1910* | | | |
| Both sexes | 10,828,365 | 1,990,225 | 18.4 |
| Male | 5,464,228 | 1,353,139 | 24.8 |
| Female | 5,364,137 | 637,186 | 11.9 |
| *1900* | | | |
| Both sexes | 9,613,252 | 1,750,178 | 18.2 |
| Male | 4,852,427 | 1,264,411 | 26.1 |
| Female | 4,760,825 | 485,767 | 10.2 |
| *1880* | | | |
| Both sexes | 6,649,483 | 1,118,356 | 16.8 |
| Male | 3,376,114 | 825,187 | 24.4 |
| Female | 3,273,369 | 293,169 | 9.0 |

In 1910 it was reported to the Census Bureau that 16.6 per cent of the males from 10 to 13 years of age, and 8.0 per cent of females from 10 to 13 years of age; 41.4 per cent of the males 14 to 15 years of age, and 19.8 per cent of the females 14 to 15 years of age; and 79.2 per cent of the males 16 to 20 years of age, and 39.3 per cent of the females 16 to 20 years of age, were engaged in gainful occupations.[2] Many of these children and young people doubtless were employed only a part of their time. But it must be remembered, on the other hand, that many children at work are not reported because the law is being evaded or for some other reason. So that in all probability the

[1] 13th Census of the U. S., *Occupation Statistics*, Washington, 1914, p. 70. A considerable amount of data upon the extent of child labor in several European countries is furnished in C. W. A. Veditz, *Child Labor Legislation in Europe*, Bul. of the U. S. Bur. of Labor, No. 89, July, 1910.

[2] *Op. cit.*, p. 69.

Census report understates the number of children who are working all or a large part of their time. When we consider the figures given above, we can see how serious is the problem of child labor in this country. It appears that about two million of the children from 10 to 15 years of age, or nearly one-fifth of the children in that age period, are at work.

### Evil Results from Child Labor

Now it goes without saying that work in itself is not necessarily a bad thing for children, if it is of the right kind and is limited in amount. But if it is work that taxes unduly the strength of the child and lasts many hours, it is obviously very bad for the child. And in any case, work which takes up much of the time and strength of the child prevents him from acquiring the training and education which will fit him to become an efficient worker. So that, either through physical injury or on account of lack of suitable training, the child fails to become economically efficient. In many of these cases the child drifts into blind-alley occupations which make him an unskilled, casual laborer who becomes the victim of unemployment and other evils, which in course of time force him into the ranks of the poor and of the paupers. In this fashion child labor becomes a prolific cause of poverty.

### The Extent of Woman Labor

In 1910 there were 8,075,772 females 10 years of age and over, or 23.4 per cent of the total number of this age period, who were reported as engaged in gainful occupations; while in 1900 there were 5,319,397 females of the same age period, or 18.8 per cent of the total number of this age period, who were reported as engaged in gainful occupations. In 1910, of the total number gainfully employed, 4,302,969 were 21 to 44 years of age, which was 26.3 per cent of the total number belonging to this age period; and 1,288,117 were 45 years of age and over, which was 15.7 per cent of the total number belonging to this age period. In 1900, of the total number gainfully employed 2,759,546 were 21 to 44 years of age, which was 20.9 per cent of the total number belonging to this age period; and 836,117

were 45 years of age and over, which was 12.9 per cent of the total number belonging to this age period.[1]

The above figures indicate that woman labor in this country is increasing. The same fact may be indicated in other ways. "The percentage of women 'gainfully employed' to the total number of persons gainfully employed, in 1870, was 13; in 1880, 16.6; in 1890, 18.1; in 1900, 18.5; and in 1910, according to the latest statistics of occupations, 21.2." [2]

## The Utility of Woman Labor

It goes without saying that woman labor in itself is not a bad thing. On the contrary, every woman, like every man, should make her contribution to society, and parasitism in woman is quite as bad as it is in man. In the past most women were able to make this contribution by performing domestic economic functions. But in recent years these domestic functions have been greatly lessened by the development of manufacturing processes. So that there have appeared as consequences, on the one hand, a large parasitic leisure class of women who are responsible for an enormous waste of labor and of economic goods, and, on the other hand, an ever increasing class of women working outside of the home. These women are now doing much of the work which they used to do in the home in factories and workshops, where they are producing finished food products, textiles, etc. This change from the home to the factory signifies an enormous saving of labor in production and heralds, among other things, the coming of the economic independence of woman, which will probably be very beneficial to women, as well as to society at large.

## Evil Results from Woman Labor

But woman labor at present has an evil side which we must consider, because of the part it plays in the causation of poverty. It is evident that women, as compared with men, are handicapped somewhat in many occupations. "It goes without saying that the fundamental fact which distinguishes women physiologically

[1] Census Bureau, *op. cit.*, p. 69.

[2] I. M. Rubinow, *The Recent Trend of Real Wages*, in the *Am. Economic Rev.*, Vol. IV, No. 4, Dec., 1914, p. 815.

from men, is their particular sex function — the bearing of children. Their anatomy and physiology is adapted for this primal function, whether or not it is ever to be realized, whether or not they are ever to become mothers of children. The unmarried as well as the married woman, therefore, is subject to the physical limitations of her sex, and each suffers alike from those incidents of industrial work most detrimental to the female reproductive system, such as overstrain from excessive speed and complexity, prolonged standing, and the absence of a monthly day of rest." [1]

In view of these handicaps it goes without saying that modern industry should be so adjusted to these anatomical and physiological peculiarities of women, and to the exigencies of their functions of child bearing and child rearing, that women could make their full economic contribution to society without suffering physical injury thereby, and without being hampered in their important functions of child bearing and of child rearing. But it is evident that industry is not so adjusted at present. Many women are working for an excessive number of hours at kinds of work for which they are not well suited. Many of these are married women of the working class who in most cases have upon them the additional burdens of bearing and rearing children and of caring for homes.[2] The strain of these burdens is very likely to cause disease and invalidism in these women, while it is likely to result in physical weakness and inadequate upbringing for their children. These are the ways in which female labor at present constitutes a more or less serious cause of poverty.

### Unsuitable Adult Male Labor

It is doubtless true that, in addition to the unsuitable child and female labor which we have discussed, there is more or less

[1] Josephine Goldmark, *op. cit.*, p. 40.

[2] According to the Census reports in 1890 there were reported 515,260, or 4.6 per cent of all married women; and in 1900 there were reported 769,471, or 5.6 per cent of all married women, as engaged in gainful occupations. Unfortunately similar data were not secured in 1910. Rubinow has estimated, in the article referred to above, from the increase in the number of women employed in certain occupations in which employment of married women is common that the proportion of employed married women has increased considerably.

unsuitable adult male labor as well. Unfortunately it is impossible to measure even roughly the extent of this labor. At all times there are men at work who, either because they are suffering from minor ailments which if not properly treated are likely to grow into serious ailments, or because they are suffering from more or less chronic disorders which do not completely disable them, should not be at work at all, or should be doing less work and easier work. The pressure of economic necessity keeps these men at work until permanent invalidism or death brings them and those dependent upon them to poverty and pauperism.

## Industrial Warfare

The last condition of labor which I shall discuss in this chapter is the state of industrial warfare between the workers and their employers which is more or less prevalent in our modern industrial system. This state of warfare has many manifestations, some of which are rather obscure in character. The most obvious manifestations take the form of strikes and lockouts, which have been defined in the following terms in the twenty-first annual report of the U. S. Commissioner of Labor: —[1]

"A strike is a concerted withdrawal from work by a part or all of the employees of an establishment, or several establishments, to enforce a demand on the part of employees.

"A lockout is a refusal on the part of an employer or several employers to permit a part or all of the employees to continue at work, such refusal being made to enforce a demand on the part of employers."

As the Commissioner points out, "in their industrial effects these two classes of disturbances are practically the same, and the only difference between them is that in a strike the employees take the initiative in putting a stop to work, while in a lockout the initiative is taken by the employer." It is obvious that these two forms of industrial warfare must result in a certain amount of unemployment and of reduction of products, at any rate so far as their immediate effects are concerned. But,

[1] Report of the U. S. Commissioner of Labor for 1906, *Strikes and Lockouts*, Washington, 1907, p. 11. The following statistics of strikes and lockouts in this country are taken from this report. Furthermore, this report furnishes similar data with respect to a number of foreign countries.

as we shall discuss later, the beneficial results from this warfare may in the long run outweigh these evil results.

Prior to 1881 no good record of strikes and lockouts was kept in this country. But beginning with that year the Federal Bureau of Labor began to keep a record which is approximately complete. In the above-mentioned annual report this record is summarized for the years 1881–1905, inclusive, and I will now state the general results of this summary.

During this period of twenty-five years, there took place 36,757 strikes involving 181,407 establishments, or an average of 4.9 establishments per strike. There were 6,728,048 strikers, or an average of 183 strikers per strike; while there were thrown out of work 8,703,824 employees, or an average of 237 employees per strike. During this same period, there took place 1,546 lockouts involving 18,547 establishments, or an average of 12.0 establishments per lockout. There were 716,231 employees locked out, or an average of 463 per lockout; while the number of employees who were thrown out of work was 825,610, or an average of 534 per lockout. These figures do not include disturbances of less than one day's duration.

The extent of the loss caused by these disturbances necessarily depends largely upon their duration. "The average duration of strikes per establishment was 25.4 days and of lockouts 84.6 days. The strike or lockout does not, of course, always result in the closing of the establishment affected, but in strikes 111,343, or 61.38 per cent of all establishments involved, were closed an average of 20.1 days. In lockouts 12,658, or 68.25 per cent of all establishments involved, were closed an average of 40.4 days. The days here referred to are calendar days, including Sundays and holidays." [1]

The above figures indicate that the immediate loss from these labor and industrial disturbances must have been very great; even if we grant that some of the strikers and employees thrown out of work may have secured work elsewhere, and that some of the reduction in the amount produced may have been compensated for in part by an increased output in other establishments. But, on the other hand, it is very probable that this loss was more than outweighed by the beneficial results from these disturbances in the form of advantages gained by the workers.

[1] U. S. Bureau of Labor, *op. cit.*, p. 13.

According to the report we have been citing, of these strikes 47.94 per cent were successful, 15.28 per cent succeeded partly, and 36.78 per cent failed. Of the lockouts, 57.20 per cent were successful, 10.71 per cent succeeded partly, and 32.09 per cent failed. It is evident that both sides were on the whole successful in their offensive measures, and the employers a little more so than their employees. But inasmuch as the strikes were far more numerous than the lockouts, it is highly probable that the workers gained more in the long run in this industrial warfare than did their employers. As to whether or not these results are to be considered so beneficial on the whole as to more than outweigh the losses will depend upon the point of view of the observer. The principal objects for which the strikers were fighting, arranged in the order of frequency with which they appeared as causes of strikes, were, increase of wages; recognition of union and union rules; against reduction of wages; increase of wages combined with various causes; concerning employment of certain persons; reduction of hours; etc. The principal objects for which the employers were fighting, arranged in the order of frequency with which they appeared as causes of lockouts, were, concerning recognition of union and union rules and employers' organization; to enforce reduction of wages; against demand for increase of wages; in sympathy with lockout and against strike elsewhere; concerning recognition of union and union rules and employers' organization combined with various causes; against demand for reduction of hours; etc.

The observer's conclusion as to the beneficial results of this industrial warfare will, therefore, depend upon the objects of this warfare with which he sympathizes. Later in this book we shall discuss the more indirect and far-reaching results of this industrial warfare.

It goes without saying that, on account of lack of space, the description of some of the conditions of labor given in this chapter has been inadequate. But I hope it has given the reader some idea of the many ways in which the existing economic and industrial organization of society causes poverty, because of the conditions in which the laborer is frequently placed. We shall take up all of these subjects again when we come to the discussion of remedial and preventive measures in the latter part of this book.

## CHAPTER XII

# THE GROWTH OF POPULATION AND THE INCREASE OF WEALTH

The recent growth of population — The natural increase of population — Immigration and emigration — The net gain from immigration and emigration — The fecundity of the immigrant population — Influence of immigration upon the native birth rate — The ultimate effect of migrations of population — The increase of wealth — The diminishing supply of land — The appreciating value of farm property — The increase of tenancy — The increase of urban population.

Some of the phenomena discussed in preceding chapters suggest the need of studying the subject of population. For example, we have seen that there is a large amount of unemployment, which fact suggests that there may be a larger supply of labor than society can utilize productively. Sweating, with its low wages and long hours, is due in part at least to an excessive supply of relatively unskilled laborers who compete with each other to such an extent as to lower greatly their rate of remuneration. Even the great inequality in the distribution of wealth and the prevailing low standard of living, which we have studied earlier, may be due in part at least to an excessive population owing to the fact that there are too many persons among whom to divide up the available supply of wealth, though we may find that this is due rather to the mechanism of distribution. In any case it behooves us to consider the significance of population with respect to poverty.

### The Recent Growth of Population

In this chapter we shall discuss the growth of population, especially with respect to this country since most aspects of the subject of population are illustrated in this country, but will refer occasionally to other parts of the world. The following

table shows the increase of population of this country during the period of national existence: — [1]

| *Year* | *Population of the U. S.* | *Year* | *Population of the U. S.* |
|---|---|---|---|
| 1910 | 91,972,266 | 1840 | 17,069,453 |
| 1900 | 75,994,575 | 1830 | 12,866,020 |
| 1890 | 62,947,714 | 1820 | 9,638,453 |
| 1880 | 50,155,783 | 1810 | 7,239,881 |
| 1870 | 38,558,371 | 1800 | 5,308,483 |
| 1860 | 31,443,321 | 1790 | 3,929,214 |
| 1850 | 23,191,876 | | |

The above table shows the enormous increase in the population of this country. Most of the civilized countries of the world have increased greatly during the same period, though no one of them has increased as rapidly as this country, as is indicated by the following table: — [2]

| *Country* | *Per cent of increase 1800–1900* | *Country* | *Per cent of increase 1800–1900* |
|---|---|---|---|
| United States | 1,331.6 | Sweden | 118.6 |
| Belgium | 204.3 | Italy | 88.4 |
| Denmark | 163.4 | Portugal | 85.1 |
| United Kingdom | 155.9 | Switzerland | 84.1 |
| Norway | 154.6 | Austria | 81.6 |
| Germany | 143.2 | Spain | 76.6 |
| Holland | 143.1 | France | 42.5 |

## The Natural Increase of Population

The two factors for the growth of population are the "natural increase," which depends upon the birth and death rates, and immigration. We shall discuss first the natural increase of our population, and then immigration to this country.

Unfortunately vital statistics are recorded so badly in this country [3] that it is impossible to ascertain directly from the

[1] This table and most of the following figures are taken from the abstract and other publications of the U. S. Census Bureau.

[2] Census Bureau, *A Century of Population Growth in the U. S., 1790–1900*, p. 85. Russia increased about 190 per cent during the nineteenth century.

[3] Every statistician who has dealt with the subject of population is acquainted with the difficulty of studying problems of population in this coun-

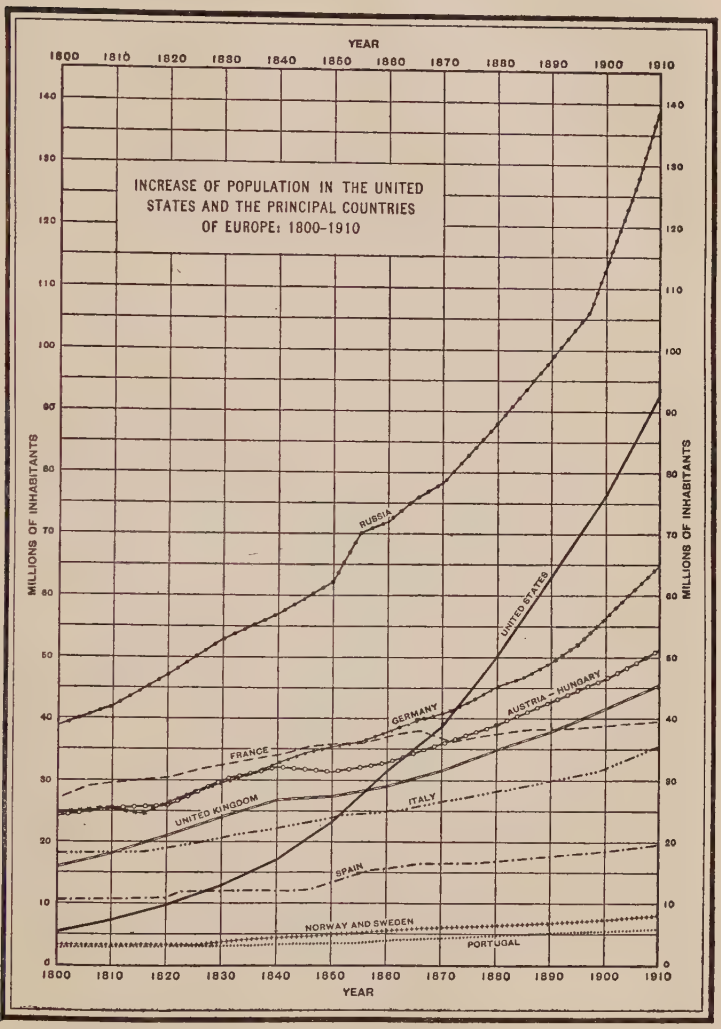


DIAGRAM 1. INCREASE OF POPULATION IN THE UNITED STATES AND THE PRINCIPAL COUNTRIES OF EUROPE: 1800–1910.

birth and death statistics whether or not the natural increase is accelerating or retarding. But it is possible to determine this to a certain extent by indirect methods, several of which we shall now discuss.

For example, we may compare the distribution of population with respect to age at different periods. The percentage of white persons under sixteen years of age of the total white population in 1790 was 49.0, and in 1900 was 35.6. In other words, in 1790 four hundred and ninety out of every thousand white persons were under sixteen years of age, while in 1900 three hundred and fifty-six out of every thousand were under sixteen years of age. This decreasing proportion of the young in the total population suggests that the natural increase has been retarded, either by a falling birth rate or by a rising death rate among the young. The second cause is entirely unlikely, owing to the rapid advance of medical science in recent years.

But there are two other possible explanations of this change, namely, either that it has been caused by the great influx in recent years of adult immigrants, or that increased longevity has swelled the proportion of the older persons in the population. The Census Bureau has investigated both of these possibilities and has come to the conclusion [1] that "the influence of the large influx of adult immigrants upon the proportions shown in the summary has been practically offset by a higher birth rate among these immigrants, and that the proportion shown for 1900 in the preceding summary has not been materially affected by immigration," and that "the advance in medical skill and sanitary appliances since 1790 has tended to preserve infant life perhaps even more than adult life, and the increase in the average age is due rather to preservation of life among young people who are crippled, deformed or weak, than to the actual lengthening of life to old age." So that the decreasing proportion of the young is unquestionably due to a falling birth rate.

try, owing to the limited birth and death statistics. For example, the present writer attempted in 1908 to estimate the fecundity of the population of the city of Boston. After studying the birth statistics of that city for some time he gave up the attempt, owing to the inadequacy and inaccuracy of those statistics.

[1] *A Century of Population Growth*, p. 95.

The same phenomenon may be shown in various other ways. For example, it may be shown by the changes in the ratio of

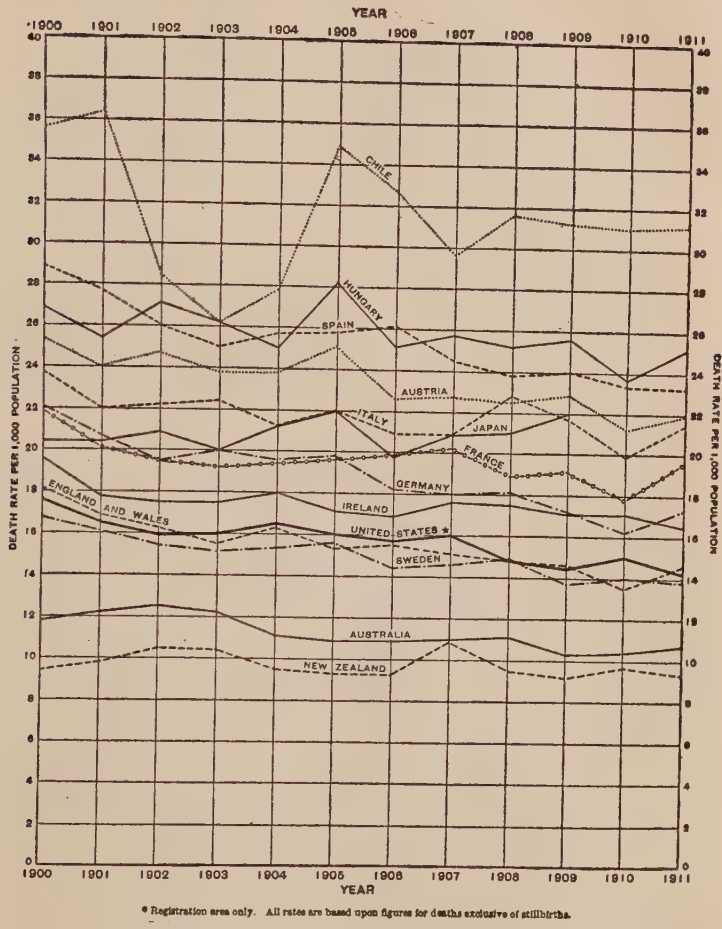


DIAGRAM 2. GENERAL DEATH RATES OF THE UNITED STATES (REGISTRATION AREA) AND CERTAIN FOREIGN COUNTRIES: 1900–1911.

white adults of self-supporting age to white children. In 1790 the ratio of white persons twenty years of age and over to all white children under sixteen years of age was 0.78, while in 1900

the ratio was 1.58. Or it may be shown by the changes in the ratio of white children to adult white females in the area enumerated in 1790 and in the same area in 1900. In 1790 this ratio was 1.9, in 1900 it was 1.0.[1]

The same thing may be shown by the census figures for the change in the size of the family from 5.6 in 1850 to 4.5 in 1900. But these figures must be received with caution because the "census family" does not mean the natural, biological family, but applies to "a household or group of persons, whether related by blood or not, who share a common abode, usually also sharing the same table." [2] However, the Census Bureau is of the opinion that the decrease in the census family is an indication of a decrease in the natural family. "In fact, the decline from census to census in the average size of 'census families' is undoubtedly due to a decline in the average size of private families, resulting from a decrease in the average number of children in the 'natural' family." [2]

The Census Bureau interprets the change in the proportion of children to adults as follows:—

"At the period of the First Census the simple living characteristic of a new country, the simple wants supplied by neighborhood industries, and the self-dependence of the family due to sparseness of population, all tended toward large families. In 1900 the resources of the nation were developed to the point of fruition. From various causes the population had become very large. Wealth had increased to a degree unparalleled elsewhere in the world or in any age. At the present time the complexity of living, congestion of population, dependence on foreign help, and especially the innumerable wants fostered by machine-made goods, manufactured upon an enormous scale and ever tempting to greater expenditure, all tend toward restriction of size of families. At the beginning of the nineteenth century a vast continent, with untold resources, awaited development and created what might be termed a population hunger. In Europe, at the same period, the creation of unexampled industrial activity produced, though to a lesser degree, a somewhat similar condition. The close of the nineteenth century finds the insistent demand for population practically satisfied, and in some instances more than

[1] *Cf.* W. F. Willcox, *The Change in the Proportion of Children in the U. S. and in the Birth Rate in France during the Nineteenth Century*, in the *Publications of the Am. Statistical Association*, March, 1911, pp. 490–9.

[2] *Abstract of the 1910 Census*, p. 259.

satisfied, both in the United States and in Europe. The degree to which this demand is occurring in different sections of the United States is suggested by the wide variations in the proportions of white children to white adults in the various states and geographic divisions. The older communities, having already acquired dense population, resulting in a more severe struggle for existence, show the highest proportion of adults to children; while in the younger or more sparsely settled states, and in those in which wide opportunity for the individual still exists, the proportion of children to adults is much greater." [1]

The above figures indicate that the rate of natural increase has been retarding. I shall comment presently upon the significance of this lessening of the rate of natural increase with respect to poverty. But before doing so we must discuss the other factor for the growth of population, namely, immigration.

## Immigration and Emigration

Up to 1820 no careful record of the immigration to this country was kept. Estimates of the immigration from 1783 to 1820 range from 200,000 to 400,000, the usual estimate being about 250,000. In any case, the amount was not sufficiently great to be of much importance, since in all probability in no year did it exceed 10,000. From the year ending September 30, 1820, to the year ending June 30, 1914, inclusive, there were 32,027,424 immigrant aliens admitted to this country.[2] There is not the space to give in detail the figures with regard to these years. The annual current of immigration exceeded 10,000 for the first time in 1825, and 100,000 for the first time in 1842. It reached its first highwater mark in 1854 with 427,833 immigrants. Then it fell greatly until after the Civil War, when it rose in 1873 to 459,803. After falling again it rose in 1882 to 788,992. Then it fell again until about the year 1901 when it began to rise rapidly until the record-breaking year of 1907 when it reached 1,285,349. During the next two years it fell more than half a million below

[1] *A Century of Population Growth*, p. 109.

[2] For these figures and those following see the annual reports of the Commissioner General of Immigration, Washington. Up to 1908 all the alien arrivals were included as immigrants, but beginning with that year the non-immigrant arrivals have been distinguished from the immigrant arrivals.

this record and then rose again so that in 1913 the number was 1,197,892, and in 1914 was 1,218,480.

But there is another aspect of this subject which is of great importance for the growth of population, and that is the emigration from this country. It has usually been assumed that only the immigration to this country is of any importance, on the belief that there is little or no emigration. Now it is true that on the whole this has been a country of immigration and not of emigration. It is also probable that during the earlier decades of immigration there was comparatively little emigration. For purposes of scientific accuracy it is unfortunate that until 1908 no careful record was kept of the emigration. But we now have evidence that the emigration during the last few years has been sufficiently great to affect to a marked degree the net increase of the population through the arrival and departure of aliens. For example, while in 1912 there were admitted 1,017,155 immigrant and non-immigrant aliens, during the same year as many as 615,292 emigrant and non-emigrant aliens departed, so that the net gain was only 401,863. In similar fashion, in 1913 there were admitted 1,427,227 immigrant and non-immigrant aliens, but during the same year 611,924 emigrant and non-emigrant aliens departed, so that the net gain was 815,303. In 1914 there were admitted 1,403,081 immigrant and non-immigrant aliens while 633,805 emigrant and non-emigrant aliens departed, so that the net gain was 769,276. It is probable that during the last few years the number of "birds of passage" and travelers coming to this country, who beginning with 1908 have been classified as non-immigrant aliens in the immigration reports, has greatly increased. According to the Immigration Bureau, since 1907 the temporary or non-immigrant arrivals have constituted about twenty per cent of the total immigration.[1] But in default of accurate data we cannot determine what the net gain from immigration has been.

Furthermore, the immigrants have contributed largely to the growth of population by natural increase after coming here and have been much more prolific than the native population, as we shall see presently.

Still another matter to be considered in measuring the effect

[1] See the *Immigration Bulletin* for June, 1915, Bur. of Immigration, Washington.

of immigration upon the growth of population is the influence of immigration upon the birth rate of the native population. Many students of population in this country have thought that immigration has had a marked effect in lowering the native birth rate. Indeed, some have gone so far as to assert that, even had there been no immigration, the population of this country would still have been quite as great as it now is through the natural increase of the native population undisturbed by immigration.

The most prominent representative of this opinion has been Walker and his position on the question can best be stated in his own words:—

"All human history shows that the principle of population is intensely sensitive to social and economic changes. Let social and economic conditions remain as they were, and population will go on increasing from year to year, and from decade to decade, with a regularity little short of the marvellous. Let social and economic conditions change, and population instantly responds. The arrival in the United States, between 1830 and 1840, and thereafter increasingly, of large numbers of degraded peasantry, created for the first time in this country distinct social classes, and produced an alteration of economic relations which could not fail powerfully to affect population. The appearance of vast numbers of men, foreign in birth and often in language, with a poorer standard of living, with habits repellent to our native people, of an industrial grade suited only to the lowest kind of manual labor, was exactly such a cause as by any student of population would be expected to affect profoundly the growth of the native population. Americans shrank alike from the social contact and the economic competition thus created. They became increasingly unwilling to bring forth sons and daughters who should be obliged to compete in the market for labor and in the walks of life with those whom they did not recognize as of their own grade and condition. It has been said by some that during this time habits of luxury were entering, to reduce both the disposition and the ability to increase among our own population. In some small degree, in some restricted localities, this undoubtedly was the case; but prior to 1860 there was no such general growth of luxury in the United States as is competent to account for the effect seen." [1]

### The Net Gain from Immigration and Emigration

Let us now consider each of these aspects of immigration as a factor for the growth of population. With respect to the net

[1] F. A. Walker, *Discussions in Economics and Statistics*, New York, 1899, Vol. 2, pp. 441–2.

gain from immigration we have seen that previous to 1908 it is impossible to secure any accurate data as to the extent of emigration from this country. One method used to estimate it approximately has been to take the records of the outgoing passengers other than cabin passengers, since a large part of these are "birds of passage" and other aliens who are departing permanently. According to the Commissioner General of Immigration [1] there departed from this country from 1890 to 1907, with the exception of the years 1896 and 1897 for which the figures are not available, 3,181,149 of these non-cabin passengers, or a yearly average of nearly 200,000 for these sixteen years. These figures with the figures I have already cited for more recent years (1912, 1913, and 1914) are sufficient to indicate that emigration has had an appreciable influence upon the growth of population in this country. In fact, the emigration for these nineteen years alone apparently amounted to nearly five million. So that even though the emigration in the earlier days doubtless was much less because the immigration was less, because it was more difficult to return than it is now, and for various other reasons, yet it is safe to assume that the total emigration since the beginning of national existence must have greatly exceeded five million, while it may have been as great as ten million. Thus we see that even though the total immigration has considerably exceeded thirty million, it is quite possible that the net gain has been less than twenty-five million. This is a consideration of great importance which has usually been ignored in discussions of the effect of immigration upon the growth of population in this country.

### The Fecundity of the Immigrant Population

Because of the inadequacy of vital statistics in this country it is very difficult to measure the natural increase of the immi-

[1] See his report for 1907, p. 56. *Cf.* also W. W. Husband, *The Significance of Emigration* in the *Am. Economic Rev.*, Sup., Vol. II, No. 1, Mar., 1912, pp. 79–85. Husband devotes special attention to the growing emigration into Canada which is largely composed of agricultural emigrants in search of free or cheap land. He states that "from 1901 to 1911 more than 620,000 immigrants from the states were admitted to Canada, while the annual number increased from 18,055 in 1901 to 121,451 in 1911." But this movement has been partially compensated for by a return movement from Canada.

grant population in this country. But so far as we have any data on the subject they indicate very clearly that the immigrants are much more prolific than the natives.[1] This is not surprising since many of them at present are coming from countries where the birth rate is high. Furthermore, their standard of living usually is lower than the American standard, so that it is possible for them to support a larger family upon their standard than the natives can upon the American standard. It is probable that in most cases the descendants of immigrants after two or three generations become no more prolific than the natives.

### Influence of Immigration upon the Native Birth Rate

As for the influence of immigration upon the native birth rate, it is obviously impossible to determine this. We can only speculate as to what would have been true of the native birth rate had there been no immigration. However, by indirect means we can arrive at conclusions which are more or less probable.

In the first place it is evident that the rate of increase of population has diminished materially as is shown in the following table: —[2]

Increase of the Population of the United States, 1790 to 1910

| *Census year* | *Per cent of increase* | *Census year* | *Per cent of increase* |
|---|---|---|---|
| 1910 | 21.0 | 1840 | 32.7 |
| 1900 | 20.7 | 1830 | 33.5 |
| 1890 | 24.9 | 1820 | 33.1 |
| 1880 | 26.0 * | 1810 | 36.4 |
| 1870 | 26.6 * | 1800 | 35.1 |
| 1860 | 35.6 | 1790 | |
| 1850 | 35.9 | | |

* Owing to a marked deficiency in the enumeration of the population of the Southern states in 1870, the percentages of increase for 1870 and 1880 have been adjusted.

[1] *Cf. A Century of Population Growth*, p. 108; *Fecundity of Immigrant Women* in the *Report of the U. S. Immigration Commission*, Vol. 28, Washington, 1911; J. A. Hill, *Comparative Fecundity of Women of Native and Foreign Parentage in the U. S.*, in the *Publications of the Am. Statistical Association*, Vol. 13, No. 104, Dec., 1913, pp. 583–604.

[2] *Abstract of the 1910 Census*, p. 22.

From the above table we can see that up to 1860 the population increased about one-third during each decade, while since that time the rate of increase has fallen to about one-fifth. This has taken place despite the great influx of immigrants during the last few decades. Some of those who have believed that immigration has checked the native rate of increase have done so on the assumption that the native stock would have gone on

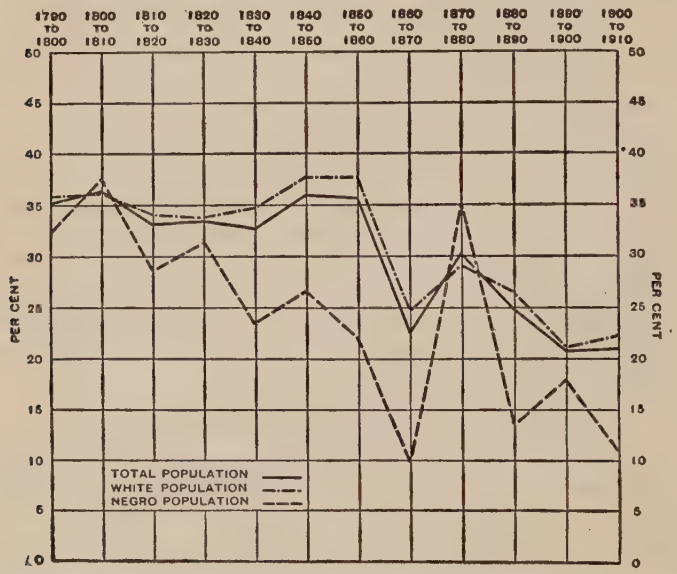


DIAGRAM 3. PER CENT OF INCREASE IN TOTAL POPULATION AND IN WHITE AND NEGRO POPULATION: 1790–1910.

increasing at its original rate if it had not been disturbed by immigration. For example, Walker made use of the estimate of future population made by Elkanah Watson in 1815. Watson assumed that the population would continue to increase at about the rate of one-third each decade. His predictions and the census figures very nearly coincided up to 1860. But then his predictions proved to be excessive, as he had predicted one hundred million for 1900 whereas the actual count was barely seventy-six million. Walker and others have believed that this marked decrease is to be attributed to immigration. It is true that

Walker recognized certain other possible factors elsewhere in his writings.[1] But he seems to have thought that immigration was by far the greatest if not the sole cause for this decrease, as is indicated in the citation from him which we have already given.

It is obviously contrary to the principles of population to assume that the native population would necessarily have gone on increasing at the same rate if it had not been disturbed by immigration. We shall see presently how close is the connection between the land and population. In view of this fact it is hardly likely that with the free land rapidly decreasing and the density of population rapidly increasing the native population would have continued to increase at the same rapid rate up to 1900, even though undisturbed by immigration. But as to how great that decrease would have been, and as to whether or not the population would have been smaller, as great, or even greater under those conditions, it is impossible to determine with certainty.

In its study of the growth of population during the nineteenth century the Census Bureau has attempted to determine how much of the population at the end of the century was descended from the native population at the beginning of the century. It used three methods to reach this estimate, namely, by eliminating the foreign stock from the native element, by estimating the growth of the native white stock at the rate of increase of the Southern states where the percentage of foreign born until recently has been very small, and by measuring the growth of the native white stock by the proportion of persons in Massachusetts having native grandfathers. These three computations came out within a range of about two million, namely, from about thirty-three and one-half to about thirty-five and one-half million. Consequently the Census Bureau comes to the following conclusion: — "Utilizing the average of the three, it appears that in 1900 the white population of continental United States contributed by persons enumerated at the Second Census was approximately 35,000,000; while the contribution to the native whites of native parentage made by the third and subsequent generations descended from immigrants arriving after 1800 numbered approximately 8,500,000. Adding the

[1] *Op. cit.*, pp. 121–2.

latter figure to the known foreign element in 1900, it is found that the contribution of the foreign stock to the white population was 31,853,060. Hence, at the Twelfth Census the total white population of continental United States appears to have been divided between the descendants of persons enumerated at the Second Census and of persons who became inhabitants of the United States after 1800, in the proportion of about 35 to 32." [1]

If the native white population of 1800 had continued to increase at its original rate until 1900, it would have amounted to nearly eighty million. Consequently the census estimate of only thirty-five million as the descendants of these native whites appears very small. It is impossible to believe that had there been no immigration the native whites would not have increased to a greater number than that. So that we are forced to believe that immigrants have actually taken the place of a large number of unborn descendants of the original white population, but as to whether this number is as great as the contribution made by the immigrants and their descendants it is impossible to say. If that is the case, as Walker and others have believed, then immigration has not after all been a force for increasing population and may even have checked its growth to a certain extent.

## The Ultimate Effect of Migrations of Population

Our knowledge of the natural increase of population suggests that the population would have been quite as great had there been no immigration. The vital reproductive force is a very powerful one which always stands ready, so to speak, to expand the population as soon as there is more room for it. This is well illustrated in the effects of emigration. It is usually supposed that the effect of emigration is to lessen the population of the country from which the emigration takes place. But history shows that usually this is not the case but that the population continues to increase in spite of the emigration, though it is, of course, impossible to determine whether the rate of increase is as great as it would be if there were no emigration. This is well illustrated in the migratory movements from Europe

[1] *A Century of Population Growth*, p. 89.

to this country. Most of the countries from which there has been emigration have continued to increase. For example, Italy, from which the exodus has been so great in recent years, has now a greater population than ever before. Ireland is the most notable exception and its great loss of population during the latter half of the nineteenth century seems to have been due to famine rather than emigration.

The usual effect of emigration has been well summarized by one student of the subject in the following words:—"Emigration, by *temporarily* relieving congestion to a certain extent, offers a chance of betterment. But in general, if the emigration is moderate, this chance is seized by the reproductive power rather than by the standard of living. The rate of increase of population rises until the drain of emigration is offset, while the standard of living remains unaltered, and the total population continues virtually the same. The very fact of emigration gives a sense of hopefulness to the people, and the knowledge that there is an ever ready outlet for redundant inhabitants causes the population of the country to multiply more rapidly than it otherwise would. This is the result which must reasonably be expected to follow all regular and gradual emigration movements."[1]

## The Increase of Wealth

We must now compare the growth of population with the increase of wealth in order to determine whether the wealth of this country has increased commensurately with its growth. The statistics for the period previous to 1850 are hardly adequate as indices of this increase. The following citation gives some of the most important facts with regard to the relative growth of population and of wealth since that date: — "From 1850 to 1900 the population of the United States increased from 23,191,876 to 75,994,575, or 226 per cent. But in this same period the production of the eight great cereals increased from 871,000,000 to 4,434,000,000 bushels, or 409 per cent. . . . The production of wool, relative to population, increased from 2.26 pounds in 1850 to 3.79 pounds in 1900; of cotton, from .09 bales to .13 bales; of coal, from .27 tons to 3.16 tons; of pig iron, from .02

[1] H. P. Fairchild, *Immigration*, New York, 1913, p. 418. This writer furnishes a good deal of historical and contemporary data with regard to the effect of emigration upon the growth of population.

tons to .18 tons; of steel, from .0005 tons (in 1867) to .13 tons; of petroleum, from .66 gallons (in 1860) to 35.16 gallons; of manufactured products, from $43.94 to $150.10; of total exports and imports, from $13.70 to $29.53. . . . Between 1900 and 1910, the production of coal, relative to population, increased from 3.16 tons to 4.86 tons; of pig iron, from .18 tons to .29 tons; of crude steel, from .13 tons to .28 tons; of crude petroleum, from 35.16 gallons to 95.69 gallons; of manufactured products, approximately, from $150.10 to $224.76; of total exports and imports, from $29.53 to $35.90." [1]

The total national wealth (exclusive of exempt real property) is estimated by the Census Bureau to have increased from $7,135,780,000 in 1850 to $175,426,000,000 in 1912, or a per capita increase of from $308 in 1850 to $1,836 in 1912. The total national wealth, including exempt real property, was estimated to be $187,739,000,000 in 1912, or $1,965 per capita.[2]

The above figures indicate that in this country the amount produced has been increasing much more rapidly than the population. Similar data could be cited to show that the same has been true of most of the other civilized countries of the world, though no one of them equals this country in this re-

[1] J. H. Hollander, *The Abolition of Poverty*, Boston, 1914, pp. 28–9.

[2] Owing to the constant changes in the value of the standard of value, these statements of monetary value at different periods cannot safely be compared with each other. During the last few decades there has been a marked fall in the value of the standard of value. Owing at least in part to this fall, there has been a rise in prices. There has been a corresponding increase in the cost of living, which has been in part apparent but which is without any question partly real. This increase in the cost of living has been due to various causes, one of which doubtless is the growth of population which we are discussing in this chapter.

The misleading nature of monetary values, when the attempt is made to compare them at different periods, may be illustrated in many specific instances. For example, from 1899 to 1909 the production of eggs increased 23.0 per cent, while the monetary value of the product increased 112.6 per cent. It is evident that the difference in monetary value gives no indication of the difference in quantity; while it doubtless exaggerates greatly the actual increase in the economic value of this product, which took place because of the increase of population with a relative decrease of most of the other staple foods, which increased the demand for eggs. In similar fashion, while the crops of cereals produced increased 1.7 per cent from 1899 to 1909, their monetary value increased 79.8 per cent.

spect.[1] But there are some figures on the other side to be cited before we shall be prepared to interpret these data with regard to poverty.

From 1900 to 1910 the number of cattle in this country decreased from 69,335,832 to 63,682,648, or a loss of 8.2 per cent; the swine decreased from 64,686,155 to 59,473,636, or a loss of 8.1 per cent; the sheep decreased from 61,735,014 to 52,838,748, or a loss of 14.4 per cent; while the goats have increased from 1,948,952 to 3,029,795, or a gain of 55.5 per cent. The fowls increased from 250,624,038 to 295,880,190, or less than one-fifth. That is to say, notwithstanding the fact that during this decade the population increased over one-fifth the supply of the three most important kinds of meat, namely, beef, pork, and mutton,

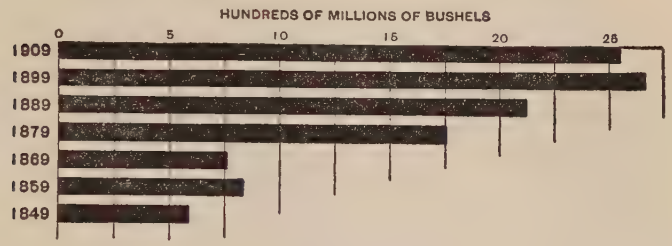


Diagram 4. Production of corn: 1849–1909.

actually decreased appreciably; while for the last fifty years if not longer the supply of meat has, to say the least, not been increasing as fast as the population, when it has not been actually decreasing. From 1900 to 1910 the amount of butter produced increased from 1,491,752,602 lbs. to 1,619,415,263 lbs.; while cheese increased from 298,344,642 to 320,532,181 lbs.; the rate of increase in each case being less than in population. During the same decade the number of eggs produced increased from 1,293,662,433 dozens to 1,591,311,371 dozens, the rate of increase being slightly more than in population. From 1899 to 1909 the production of cereals increased from 4,438,857,013 bushels to 4,512,564,465 bushels, or the very slight increase of 1.7 per cent. Of the three principal cereals wheat increased 3.8

[1] See L. G. Chiozza Money, *The Nation's Wealth*, London, 1914, for similar data with respect to England.

per cent, oats increased 6.8 per cent, while corn, the largest crop of all, decreased 4.3 per cent.[1]

These figures are sufficient to show that the production of staple foods has not been keeping pace with the population. This is a fact of great significance upon which I shall comment presently. But before doing so it is necessary to call attention to certain important facts with regard to the available supply of land.

## The Diminishing Supply of Land

In 1860 it was estimated that there were 939,173,057 acres unappropriated and unreserved. On June 30, 1913, there were 297,927,206 acres unappropriated and unreserved in the United

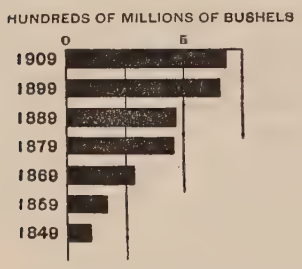


Diagram 5. Production of wheat: 1849–1909.

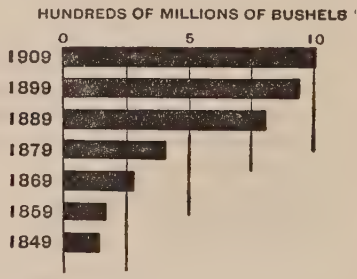


Diagram 6. Production of oats: 1849–1909.

States, exclusive of Alaska. In other words, in a little more than fifty years more than two-thirds of the free land disappeared, while much of what remains will doubtless always be worthless or almost worthless. During the seven years from 1906 to 1913 public and Indian lands were entered at the rate of about nineteen and one-half million acres a year. If this should continue, all of the free land would disappear in a little over fifteen years from June 30, 1913.[2] It is true that there is a good deal of land which is being held unimproved by railroads,[3] Indians, and

[1] The above figures are taken from various census reports.

[2] For all of these statistics regarding free land see the annual reports of the Commissioner of the General Land Office to the Secretary of the Interior, Washington.

[3] The enormous number of 200,000,000 acres approximately, or 312,500 square miles, have been granted to railroads. See Thos. Donaldson, *The*

other private owners, which will sometime be productive. But even when it comes into use, it will be largely to the benefit of a few and may not increase the general welfare and aid in diminishing poverty to any great extent, unless it is appropriated for public use. So that such use will not help greatly with respect to the aspect of the problem of population in which we are specially interested, namely, the raising of the standard of living and the diminution of poverty.

### The Appreciating Value of Farm Property

The diminishing supply of land in proportion to population is indicated by the appreciation in the value of farm property. From 1900 to 1910 farm property increased in value from $20,439,901,164 to $40,991,449,090, or the extraordinary increase of 100.5 per cent. Furthermore, most of this increase was in the value of the land itself apart from improvements, as is indicated by the facts that the land itself increased from $13,058,007,995 to $28,475,674,169, or 118.1 per cent in value, while the buildings increased 77.8 per cent, the implements and machinery 68.7 per cent, and the live stock 60.1 per cent. A further indication of this is that during this decade the improved land increased only 15.4 per cent. All these facts illustrate the familiar phenomenon of the rise in the rental value of land owing to the pressure of population.[1] If we trace this process further back, we find that the rate of appreciation of the value of agricultural land is rapidly accelerating. From 1850 to 1880 the value of farm property appreciated 207.0 per cent, while from 1880 to 1910 it appreciated 236.5 per cent. On the other hand, the amount of land in farms increased 82.6 per cent from 1850 to 1880, and only 63.9 per cent from 1880 to 1910; and the improved land in farms increased 151.9 per cent from 1850 to 1880, and only 68.0 per cent from 1880 to 1910. The same situation is strikingly illustrated still further by the facts that the average

*Public Domain*, published by the U. S. Public Land Commission, Wash., 1884, p. 287; R. T. Hill, *The Public Domain and Democracy*, N. Y., 1910, p. 54; Henry George, Jr., *The Menace of Privilege*, N. Y., 1905, p. 38; E. L. Bogart, *The Economic History of the U. S.*, N. Y., 1907, p. 308.

[1] There have been other factors in causing this rise in the value of land, but the increase of population has been one of the most important, probably the most important.

value of land and buildings per acre in 1850 was $11.14, in 1880 was $19.00, and in 1910 was $39.60.

### The Increase of Tenancy

Another phenomenon which may be regarded as a further indication of the disappearance of free land and the pressure of population upon land is the change which is taking place in the tenure of farms. During the decade 1900 to 1910 owners of farms increased 8.1 per cent, while tenants increased 16.3 per cent. "It may be noted that at least since 1880 (and probably further back also) the farms operated by tenants have in each decade increased faster than those operated by owners. Tenant farms constituted 25.6 per cent of all farms in 1880; 28.4 per cent in 1890; 35.3 per cent in 1900; and 37 per cent in 1910." [1]

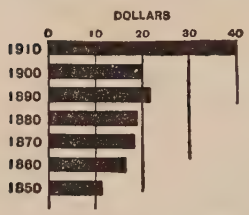


Diagram 7. Average value of farm land and buildings per acre: 1850–1910.

### The Increase of Urban Population

The same situation is revealed in other ways. "It is a significant fact that whereas the total population increased 21

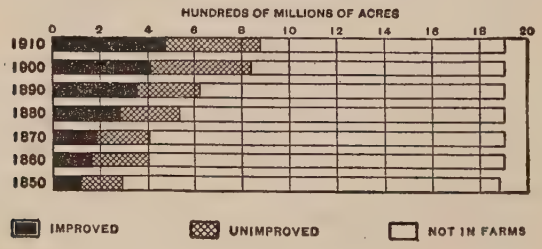


Diagram 8. Total land area and improved and unimproved land in farms: 1850–1910.

per cent between 1900 and 1910, the urban population increased 34.8 per cent and the rural population only 11.2 per cent. The number and acreage of farms increased much less rapidly than the total population, but the growth in the number of farms

[1] *Abstract of the 1910 Census*, p. 286.

nearly kept pace with the movement of the rural population, amounting to 10.9 per cent. The total farm acreage, on the other hand, increased only 4.8 per cent. This, however, is less significant than the increase in acreage of improved farm land, which amounted to 15.4 per cent, showing a greater percentage

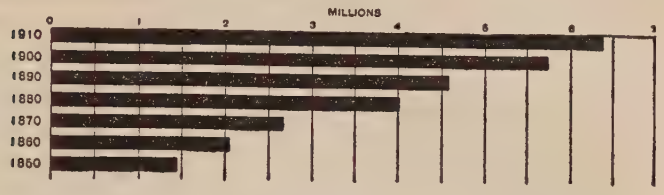


Diagram 9. Number of farms: 1850–1910.

of increase than the number of farms or rural population but still falling appreciably behind the increase in total population." [1] The increase of urban population is a fact of great significance with respect to the growth of population and the increase of poverty.

If we turn to a comparison of rural and urban population, we find further evidence of this pressure of population upon the land. I need not repeat here all the well-known facts with regard to the growth of the urban population in this country, some of which are mentioned in the preceding paragraph. The following figures will suffice. From 1880 to 1910 the urban population (towns and cities having 2,500 inhabitants or more) increased from 14,772,438 to 42,623,383, while the rural population increased from 35,383,345 to 49,348,883. In 1880 the urban population constituted 29.5 per cent of the population, while the rural population constituted 70.5 per cent of the total. In 1910

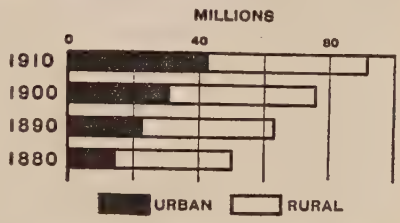


Diagram 10. Urban and rural population: 1880–1910.

[1] *Abstract of the 1910 Census*, p. 266. In this citation the term "urban population" includes the entire population of towns and cities having 2,500 inhabitants, or more. Most of the following statistics are taken from the *Abstract*.

the urban population constituted 46.3 per cent of the population, while the rural population constituted 53.7 per cent of the total.

The primary cause for the rapid increase of urban population, not only in this country but throughout the civilized world, has been the development of the factory system, which necessitates the concentration of population at the places where manufacturing is being carried on. In this country factories were at first

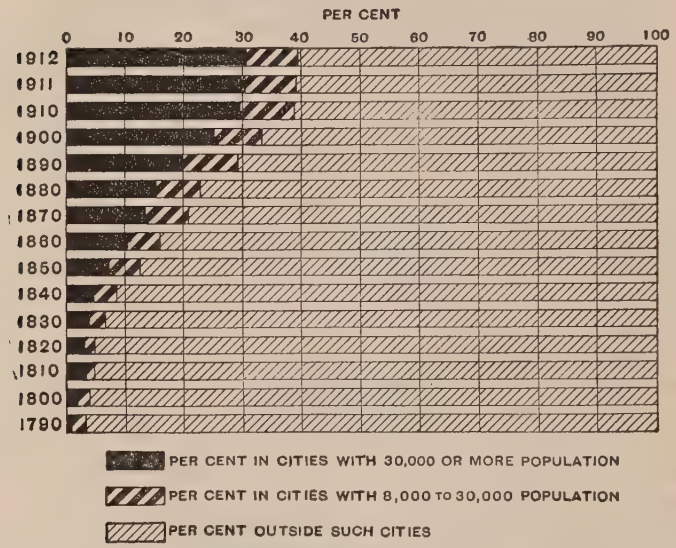


DIAGRAM 11. PER CENT OF TOTAL POPULATION IN MUNCIPALITIES HAVING OVER 30,000 INHABITANTS, IN THOSE HAVING FROM 8,000 TO 30,000 INHABITANTS, AND OUTSIDE SUCH MUNICIPALITIES: 1790–1912.

run to a large extent by water power, so that the factories were somewhat scattered owing to the distribution of water power. Consequently the tendency towards concentration was not so great. But recently steam and electricity have been used more and more, and this has made possible and more economical a high degree of concentration of population. This explains in large part the rapid increase of urban population indicated above, so that from 1880 to 1910 the urban population increased nearly three times while the total population increased less than two times.

But the increase of population is also involved as a cause of this phenomenon. The introduction of machine and factory, namely, large scale, methods of production, which has increased enormously the amount produced, has made possible a much larger population. In recent years this population has settled and cultivated the more desirable parts of the free land in this country. As it is relatively unprofitable to cultivate the remaining free land, the tendency of population now is to flow from country to city.[1] It is impossible to measure this movement accurately, and it is quite probable that the retardation in the growth of rural population is due in large part to a falling birth rate in rural families. But it is probably due in part also to an emigration from the country to the city. Furthermore, the increase of population in other countries plays an important part in the increase of urban population in this country, because it gives rise to the enormous immigration to this country, and a large portion of the immigrants remain in the cities.

[1] The effect of the increasing concentration of urban population is revealed, among other things, in the changes in city land values. While we have no general census statistics with respect to city land values, it is possible to secure such statistics for numerous cities from the reports of tax commissioners, city and county treasurers, and various other officials. Practically all such data show a steady and frequently a rapid rise in the value of city land. For example, the value of the land in Greater New York City increased from $3,367,233,746 in 1906 to $4,602,852,107 in 1914. The value of the land in Boston increased, from 1890 to 1913, from $365,548,000 to $716,435,800 (the area of Boston was changed slightly in 1910); in Newark, N. J., it increased, from 1907 to 1912, from $122,904,000 to $141,059,000; in Trenton, N. J., it increased, from 1906 to 1912, from $21,866,000 to $23,561,000. In many western cities the rate of increase was much higher. For example, the value of the land in Dallas, Tex., increased, from 1907 to 1912, from $16,477,000 to $44,605,000; in Houston, Tex., it increased, from 1904 to 1912, from $19,787,000 to $61,389,000; in Seattle, Wash., it increased, from 1905 to 1912, from $70,038,000 to $212,929,000 (the area of Seattle was increased somewhat in 1907). (These figures have been summarized with some revising from S. Nearing, *Reducing the Cost of Living*, Phila., 1914, pp. 184–191 and Appendix K; and *Income*, New York, 1915, p. 156.)

In all probability city land is increasing in value at a much slower rate than farm land. But it does not seem credible that the concentration of population in cities can go on indefinitely. In course of time the cost of living and of carrying on economic activities in the city will become so great, owing largely to the high rental value of urban land, that the population will be forced back into the country.

## CHAPTER XIII

# POPULATION AND POVERTY

Minimum and maximum limits of population — The criterion of density of population — Population and production — Population as a cause of poverty — Criticism of arguments for the increase of population — Population and the standard of living — The pressure of population upon land and natural resources — Restrictions upon the increase of population — The artificial regulation of population increase — The control of births.

We must now discuss the significance of the data in the preceding chapter about the growth of population in relation to the problem of poverty. It may be well to begin this discussion with a few general considerations.

### Minimum and Maximum Limits of Population

It is easy to place the minimum and maximum limits for population. For social evolution to advance far enough to produce a civilization, a certain minimum density of population is absolutely necessary. If the human race had remained scattered over the earth as sparsely, let us say, as the Australian aborigines of today, no civilization could have developed. Civilization first made its appearance in fertile river valleys, such as the valleys of the Euphrates and the Nile, the river valleys of China, and similar regions where nature could easily support a relatively dense population without a highly developed mechanism of production. In these places it was possible to produce enough to have the surplus wealth necessary as a material basis for civilization, while in the agglomerations of population in the towns and cities there could arise those more complex relationships which form the social structure of civilization.[1] A

[1] The relation between population and the evolution of civilization has been discussed in numerous treatises on sociology. It will suffice for our present purpose to mention the works of Buckle, Giddings, Durkheim, and Coste.

density of population sufficiently great to permit of civilization now exists in most parts of the world, so that the discussion of this limit upon population has little practical importance today.

It is obvious that the maximum limit for population is the over-population so much feared by Malthus, namely, a population too great to be supported by the total resources of the world. We know very well that the population of the world is still a long distance from this limit, so that it is of little practical importance today, though it is well not to ignore it entirely as a possibility for the future. But whether or not there is relative over-population, that is to say, a population too great for such natural resources as have so far been utilized, is a question of great practical importance.

## The Criterion of Density of Population

The question of practical importance for us is therefore as to what density of population between these two extremes is most desirable. If we can determine this density, we shall know what constitutes relative under-population and what constitutes relative over-population. But the determination of what is the most desirable density depends upon the criterion which we use. For example, our criterion might be the production of the largest possible amount of economic commodities. It may seem that for this purpose the largest possible population, namely, a population on the verge of absolute over-population, would be the best. But this is not necessarily the best. In the first place, a population which is on the outer limit of the means of subsistence is not likely to be so efficient a labor force as a smaller population which has a relatively ampler supply of the means of subsistence. In the second place, the total supply of means of production, namely, capital, might not be sufficient to employ all of the labor force furnished by such a population, so that some of it would be unproductive and would be a drawback to the productive part of the population. So that in order to produce the largest possible amount the population would probably have to be somewhat below the maximum.

But the criterion suggested above is not a suitable one for our purpose, namely, for the study of poverty. Even though the largest possible amount was produced, if a small number of per-

sons received a large part of the product there would still be as much poverty as at present. We might take as another criterion the per capita production. It is impossible to determine *a priori* how dense a population would produce the largest per capita yield. It would be the population which was so well adjusted to the means of production as to work with the highest degree of efficiency. But here again, even though the per capita production was the highest, if a small number of persons received a large part of what was produced there might still be as much poverty as at present. If distribution was equal or much nearer equality than is the case now, the per capita criterion would be the correct one, for under those conditions society as a whole would be most prosperous and there would be the least amount of poverty. But under present conditions this is not necessarily the case.

We must, therefore, take as a criterion the widest possible prosperity with the smallest possible amount of poverty. It is impossible to tell offhand, and perhaps not at all, whether according to this criterion the population ought to be more or less than the present population, or whether the population called for by this criterion would coincide with the population called for by either one or both of the criteria already suggested. Under ideal conditions this criterion ought to coincide with the criterion based upon the per capita production.[1] But under existing conditions this is not the case and may never be the case. The criterion we are to use does not necessarily call for the highest per capita production, but it does call for the highest actual per capita distribution, that is to say, a distribution which would be revealed by a relatively high median or mode, but would not necessarily be revealed by a high mean. A high median or mode would indicate that a large part of the popula-

[1] Some thinkers on this subject contend that this is so. For example, J. B. Clark asserts "that the distribution of the income of society is controlled by a natural law, and that this law, if it worked without friction, would give to every agent of production the amount of wealth which that agent creates." (*The Distribution of Wealth*, New York, 1900, p. v.) Under such conditions the highest actual per capita production would also mean the highest actual incomes. Some of the scientific managers and efficiency engineers assert that with the application of efficiency methods the laborers not only will produce the largest amount but also will receive the highest wages. It is doubtful if these methods have as yet been sufficiently tested to furnish conclusive proof for this assertion.

tion were actually enjoying relatively high incomes, while a high mean might cover great inequality of distribution with the great majority receiving very small incomes. Let us therefore consider what population is demanded by this criterion, and try to come at least to a tentative conclusion as to this question.

## Population and Production

During the last century or more there has been a rapid increase both of population and of the amount of economic commodities produced. This has been true not only in this country but over most of the civilized world. This situation raises the interesting question whether the increased production was caused by the increase in population or the increased population was caused by the increase in production. The usual opinion seems to be that the population increased somehow or other and then stimulated the increase in production. If this were true and there was reason to believe that continued increase in population would continue to increase the production, it would be a powerful argument in favor of increasing the population. But if, on the contrary, the increase in population has resulted from the increase in production, it is not safe to advocate continued increase of population, unless there is assurance of continued increase of production.

It is difficult indeed to answer the question raised above. On the one hand, it may appear as if the population must have caused the increase in production, because the increase in population has resulted to a considerable extent from a reduction of the death rate rather than from a rise in the birth rate. This reduction has come about in part from the advance of medical science, from better hygiene and sanitation, from the lessening of losses in war, etc. But a more careful analysis will show that these causes are due, in large part if not entirely, to increase in production. For example, the advance of medical science was a part of the modern scientific movement, which was an important cause of the industrial revolution and its resulting changes, and then was greatly stimulated by the vast increase in wealth which followed that revolution. Better hygiene and sanitation are a part of the higher standard of living which has resulted from this great increase of wealth. The lessening of

war, in so far as it has decreased, has doubtless been due in the main to the vast extension of the principle of the division of labor in our modern trade and industry which has increased greatly the interdependence of the nations of the world, thus making war much more disastrous in its results than ever before.[1] So that even though we regard the increase of population as due immediately to the reduction of the death rate, we can trace it back ultimately to the increase in production.

On the other hand, numerous statistical studies have been made which show that marriage and birth rates tend to rise with conditions of prosperity. Unemployment, business depression, and similar economic conditions almost invariably have a depressing effect upon the marriage rate, while conditions of prosperity cause it to rise.[2] The effect of these economic conditions upon the birth rate is perhaps not so direct, but it probably affects it quite as much in the long run. So that the conclusion to be drawn from these studies seems to be that production rather than population is the primary factor.

To be sure, it is in one sense true that neither can be said to be the cause of the other, because they act and react upon each other in a very complicated fashion. It goes without saying that an increase of population, because it has added to the labor force, is almost certain to increase the amount produced, while an increase in wealth which exceeds the increase in population is almost certain to increase the population, through its influence upon the marriage and birth rates.

But so far as it is possible to disentangle the effects of the two, the economic factor seems to have the first place.[3] The phenom-

[1] It is perhaps somewhat of an open question as to whether or not war has diminished in modern times. But the above statement seems to be justified by the available historical data. *Cf.* F. A. Woods and A. Baltzley, *Is War Diminishing?* Boston, 1915.

[2] One of the best of these studies is by G. U. Yule, *On the Changes in the Marriage and Birth-Rates in England and Wales during the Past Half Century*, in the *Jour. of the Royal Statistical Soc.*, Vol. 69, pp. 88–132, March, 1906. See also W. B. Bailey, *Modern Social Conditions*, New York, 1906, pp. 142–4; U. S. Census Bureau, *Marriage and Divorce*, Part I, 1909, pp. 7–8.

[3] On the basis of the above argument it may be contended that there can be no danger of over-population because population follows production, and therefore there will always be enough production to support the population. But this contention is not valid for the following reason. While it is doubtless true, as indicated above, that, as a general thing, population does and

ena connected with the great modern increase of population certainly confirm this view. For the many thousands of years during which the human species had existed previous to the nineteenth century it had never reached a point which at all approaches its present numbers, and then suddenly in the course of a century or so it jumped to its present size. This happened because the opening up of an immense amount of free land during the two or three centuries preceding, and the rapid advance of science and invention made possible a tremendous increase in the amount of wealth available or producible.

If then the economic factor comes first, it is indeed important to consider the prospects for the increase of wealth before advocating further increase of population. So far as science and invention are concerned, it is difficult to estimate to what extent these factors will increase production. It is perhaps doubtful if they can increase production as rapidly as they have during the past few decades, but that they will still effect a very great increase is doubtless true. It is when we turn to the land and its natural resources that limitations become more evident. Practically all the land and natural resources are now known and have been preëmpted, so that no great expansion can be hoped for in that direction. The pinch of this condition has been felt for some time in the older parts of the civilized world, and is now manifesting itself in this country for the first time, as revealed in the significant figures cited in the preceding chapter with regard to the comparative decrease in the production of food during the last few years if not decades. To be sure, more scientific and intensive methods of agriculture will increase greatly the yield. But it will take some time to apply these methods, while ahead there still looms up the ultimate limit to the production of food when all the land has been utilized to the highest possible degree by the use of scientific methods. It is well for humanity not to hasten along too precipitately

must follow production, yet it is also true that the vital reproductive force is very strong and tends to increase the population more rapidly than is justified by the increase in production, unless it is consciously directed and controlled. Furthermore, it must be remembered that from our point of view, and indeed from any human and social point of view, the problem of population is not merely a problem of subsistence but also a problem of the standard of living. And to raise the standard of living production must be increased more rapidly than population.

towards that limit for, as we shall note presently, a much higher degree of comfort, and therefore a higher standard of living, can be enjoyed if humanity stops far short of that ultimate limit.

So far we have been discussing this subject very broadly with respect to the world as a whole. It goes without saying that the density of population which is desirable may differ greatly from one place to another and from one time to another. Everywhere blind economic forces are at work to attain that balance between population and the available natural resources and means of production which will result in the largest amount of production. Thus in a new country with an abundance of free land and natural resources the demand is for more population, while in an older country the demand is very likely to be the opposite, though it sometimes happens in an old country that certain forces check the increase of population to such a degree that a demand for population arises even there.[1]

## Population as a Cause of Poverty

Having considered the general relation between population and production, let us now turn to the problem which is of special interest to us, namely, the relation between population and poverty. It is indeed difficult to determine the effect of the recent increase of population upon poverty. The general standard of living has doubtless risen considerably throughout the civilized world while this increase of population has been going on. Some have considered this an indication that increase of population has been a force against poverty. But this higher standard of living has obviously been due to the fact that produc-

[1] France furnishes a striking example of this sort. In this ancient and highly civilized country the population has ceased to increase and has even begun to regress. Consequently many Frenchmen are in favor of stimulating the increase of the population by every possible means, partly for patriotic and military reasons, but also for the economic reason of increasing to the highest possible point the amount of wealth produced. (A curious example of this is furnished in the case of Paul Leroy-Beaulieu, *La question de la population*, Paris, 1913.)

But these Frenchmen apparently fail to realize that by checking the increase of population France is more or less unconsciously striving towards a relatively high standard of living and of comfort. This doubtless is the personal ideal of a large number of individuals in France. But it does not seem as yet to have attained conscious expression as a national ideal.

tion has increased more rapidly than population during the past century or more. As we have seen, the economic rather than the population factor has apparently been primary, and the population has been the cause only as it has responded to the economic demand for a larger labor force. Furthermore, it is well to bear in mind that, whatever may have been true during the recent past, owing to the limitations upon what can be produced which we have discussed, the standard of living will not necessarily continue to rise in the future if the population continues to increase.

But even though the standard of living has been rising, it is not at all certain that the amount of poverty has decreased. As we have seen, poverty is a relative thing, and however much the amount of wealth may increase and the general standard of living may rise, those whose incomes are so small that they are unable to attain this standard of living are poor. It is obviously impossible to determine exactly whether or not poverty has been decreasing. We have seen in a previous chapter how difficult it is to measure the amount of poverty even in the present, and the data for measuring the amount of poverty in the past are far less adequate. However, it is certain that the amount of poverty is still very great, so that obviously neither the great increase of wealth nor of population has been effectual in abolishing it.

It goes without saying that the immediate cause for the persistence as well as the existence of poverty is the way in which wealth is distributed, and many doubtless think that this can be remedied while the growth of population is left to take care of itself. But it is well to remember that it may not be possible to change the manner of distribution until the pressure of a rapidly increasing population is relieved somewhat. That is to say, so long as this increase continues, and since it is in the main in the largest class, namely, the working class from which most of the poor are recruited, the supply of labor will be so large that its economic or market value will not be sufficiently great to enable the working class to demand and receive a larger share in the distribution of wealth. This is a big question which we cannot discuss exhaustively at this point, but will have occasion to discuss it more fully in the latter part of this book. For the present we must keep in mind that in all prob-

ability the distribution of wealth cannot be remedied so as to abolish poverty without a check upon the growth of population.

## Criticism of Arguments for the Increase of Population

The outcome of the above discussion may appear rather vague. But this is inevitable in view of the complexity of the phenomena involved and the difficulty of the problems which they raise. It goes without saying that there are no *a priori* reasons either for or against increasing the density of population. It is a question which should be decided wholly with respect to the relation between population and production, and with respect to the distribution of wealth in such a manner as to bring about the largest amount of human happiness. Notwithstanding this fact, many arguments have been used on both sides of this question which are *a priori*, or which are in the main *a priori*, so far as the issues involved in this matter are concerned.

This has perhaps been most true of those who have advocated the increase of population. One of the most superficial of these has been the patriotic and nationalistic desire for a large population merely for the sake of size, especially if that size outstrips every other country. In this country, for example, chauvinists of this type have gloried in the prospect that our population will increase to one hundred, two hundred, three hundred, four hundred millions of inhabitants, and so forth up to many more hundreds of millions.

Certain religious doctrines have served as arguments for the increase of population. Most of these have been used, not so much to encourage directly the growth of population, as to prohibit the efforts to check this growth, on the ground that such efforts interfere with the intentions and purposes of divine beings, or on the ground that some of the measures used to check the increase of population do violence to spiritual beings in the form of souls. These arguments are based upon theological ideas and beliefs which must be regarded as wholly *a priori* so far as a purely scientific discussion, such as the present one, is concerned.

Many socialists have displayed a bitter opposition to the restriction of population whose animus seems to be due in part to a sentimental desire to see humanity grow and in part to an

absurd idea that by means of the Malthusian theory the capitalist was trying to fool the working man. These socialists have displayed singular obtuseness in their failure to realize that the implications of the Malthusian theory are not contrary to the interests of the workingman, and that the policy of restricting the increase of population may and should be used in the interest of the working class.

Then there are the sentimentalists who advocate rapid increase of population in order that there may be numerous children in each family. This notion has a biological justification upon which I shall comment later in this book. But the sentimentalist usually fails to comprehend this justification, so that his argument is entirely or almost entirely aprioristic.[1]

As has been suggested above, aprioristic arguments have been used less by those who favored the restriction of population. And yet there have been some who have argued that restriction of population alone would cure all human and social ills, which argument, because it lacks adequate basis, is highly aprioristic.

We cannot therefore assume that either increase or restriction of population is necessarily desirable. As a matter of fact, what is desirable at one time or place is not necessarily desirable at another time or place. But our brief survey of the subject of population seems to indicate that in our modern civilized world there is needed on the whole, if not restriction of population, at any rate a greater moderation in the rate of increase than has been true during the past century. It may be possible to justify this upon the ground alone of the danger of reaching the ultimate limit of subsistence. But even if we grant that such a time is a long way off, so that it is not of practical importance now, other reasons for advocating such restriction still remain. We have seen that it might be more feasible to remedy the distribution of wealth if population was not increasing so rapidly. But a more certain and obvious reason is that if the population were not increasing so rapidly, the general standard of living would be more likely to go up or to go up more rapidly,

[1] For an intemperate and unscientific argument for the increase of population upon all the grounds mentioned above, except the socialistic, see F. L. Hoffman, *The Decline in the Birth Rate*, in the *North Am. Rev.*, No. 642, May, 1909, pp. 675–687.

and while the poor might not benefit by this at once, or at any rate would not reach this standard at once, there would be more reason to hope that most if not all of them would attain it ultimately.

### Population and the Standard of Living

The standard of living argument is conclusive against a too rapid increase of population. As has been stated by one writer, this standard depends upon two variables, namely, " (1) rate of increase in population and (2) rate of progress in the arts. Of both of these the plane of living is a function. The plane of living itself, of course, reacts in turn on both of these variables." [1] Now the rate of progress in the arts may at times be able to keep ahead of the rate of increase in population. But, as a general rule, it fails to do so, since the vital force for reproduction is very strong. Certainly if there is any truth at all in the Malthusian theory that population tends to overtake the means of subsistence, it would be difficult for the standard of living to keep ahead of population. In view of the checks upon population which have been developed, this theory probably is not true of civilized society to the extent believed by Malthus. But it doubtless is true so far as the standard of living is concerned, as is indicated in the following statement of the law of population by a distinguished sociologist: —"In any given state of industry and the arts, population tends to increase faster than it is possible to raise the general plane of living." [2]

During the past century or more, owing to the unprecedented advance of science and invention and the opening up of an immense amount of new land, the standard of living has managed to keep ahead of population. But as we have already noted, it is futile to expect this for the future if the increase of population continues at its present rate, the principal reason for this being the disappearance of free land. This fact stands out with peculiar prominence in this country.

So long as there is free land, or the price of land remains low, it is easy for the farmer to own his own farm. But as the value of the land appreciates in the manner we have described in the preceding chapter, the owner can draw an ever-increasing rent

[1] A. A. Tenney, *Social Democracy and Population*, New York, 1907, p. 19.
[2] F. H. Giddings, *Elements of Sociology*, 1898, p. 306.

from his land which, if he does not choose to work the land himself, he can levy upon the tenant farmer who is too poor to purchase the land. It is of course true that in individual cases a tenant farmer may be able to make more than a farm owner. But, as a general rule, the tenant class is poor; while the landowner, who may be an absentee landlord, enjoys the income from the high rent which his advantageous position as exercising a monopolistic control over a commodity which has become scarce, because of the pressure of population, enables him to exact. The appearance and growth of a tenant class is therefore very significant, both as indicating the pressure of population upon land and the presence of a class in the rural communities in which poverty, with all its attendant evils of pauperism and other forms of misery, is certain to be widespread. Unfortunately we have not adequate reliable statistics of dependency in the rural population and in the tenant class in particular. But there have been numerous examples in history of the results from extensive tenancy, especially when the owners of the land were large absentee landlords.

Ireland furnishes a good recent example of this. "The profits of the large estates were spent abroad, draining Ireland of its productive capital; the best land of large estates was turned into pasture land; and when tenants made improvements on farms to enlarge the production the rents were systematically raised to absorb the reward of initiative and industry. Consequently a premium was placed on neglect, shiftlessness, drunkenness, and social squalor, and agricultural Ireland was emigrant as to its best and most vigorous element, decadent economically and socially, and rapidly increasing in pauperism and insanity." [1]

Speaking generally, it may be said that this country is passing from an agricultural to an industrial economy, with the consequent growth of large cities. Unfortunately this change is being accompanied by the development of the acute conditions of poverty which seem to be inevitable in an urban environment under the present system. While, as I have already indicated, it is impossible to make an accurate comparison of the amount of poverty now and in the past, we have reason to believe that poverty is more extensive under the present urban conditions than it was

[1] J. M. Gillette, *Constructive Rural Sociology*, New York, 1913, p. 135.

formerly.[1] From what is known of the earlier days in this country, it appears very probable that the condition of the worker relative to the general standard of living was better than now, owing to the greater relative as well as absolute scarcity of labor. Real wages probably were higher than now, or, at any rate, higher in relation to the existing standard of living.[2]

## The Pressure of Population upon Land and Natural Resources

The last few pages have furnished an abundance of data which indicate more or less conclusively that population is beginning to press upon the supply of land and of natural resources in general in this country, as it has for so long in the older parts of the civilized world. The significance of this must be evident.

It has been concisely stated by a well-known economist in the following words: — "Dividing our national history since 1790 into four periods, each of thirty years, it is seen that in the first the density per mile increased .7 of an inhabitant, in the second 2.4 inhabitants, in the third 9, and in the fourth 14. Thus the increase in the number per square mile has gone on at an accelerating rate, and was twenty times as fast in the last as in the first period. As an index of the demands which increasing population makes upon resources, these figures are more truly significant than are the absolute numbers of people or the percentage of increase by decades; for they show how many additional inhabitants must find employment, materials, and food on the available area. This means greater intensiveness of utilization. The cumulative additions are now made on an area nearing, or already past, the point of maximum advantage to the masses of the nation."[3]

It might be added that the density of population increased from 27.7 per square mile in 1904 to 33.3 in 1914, or an increase of 5.6 during the decade.

[1] For example, F. A. Walker says: — "In 1790, there were about 600,000 white families in the United States. Speaking broadly, there were few very rich and few very poor." (In his *Discussions in Economics and Statistics*, New York, 1899, Vol. II, p. 197.)

[2] For data indicating better conditions among the working people in the earlier days, see Henry George, Jr., *The Menace of Privilege*, New York, 1905, p. 38.

[3] F. A. Fetter, *Population or Prosperity*, in the *Am. Economic Rev. Supplement*, Vol. III, No. 1, March, 1913, p. 8.

I hardly need to explain that by the above statements I do not mean to imply that we are anywhere near the limit of population that can be sustained in this country. As a matter of fact in 1910 only 46.2 per cent of the total land area was in farms; while only 54.4 per cent of the farm land, or 25.1 per cent of the total land area, was improved. It is evident that by making use of more land, and especially by applying scientific and intensive methods of agriculture, the amount of food and certain

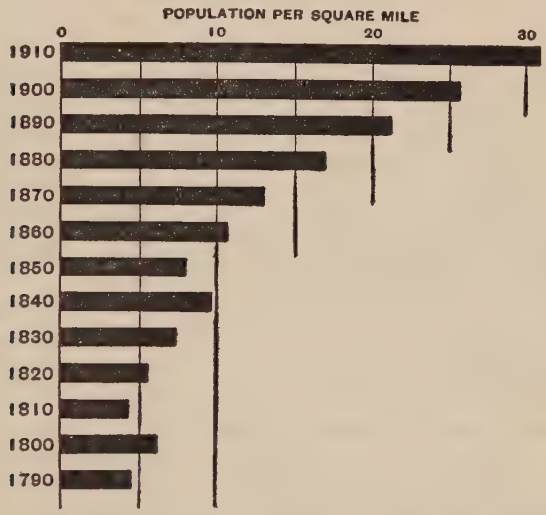


DIAGRAM 12. POPULATION PER SQUARE MILE: 1790–1910.

other raw materials which can be produced can be vastly increased, thus making possible a much greater population. In fact, it has been estimated that, with a scientific use of the available land and water supply, a billion people can be supported in this country.[1] But in order to accomplish this a great deal of labor and capital must be expended. The land which has not yet been improved is the poorer part of the land. Much of this is relatively infertile and will need artificial fertilization. Some of it is arid and will need irrigation. A little of it is swampy

[1] W. J. McGee, *How One Billion of Us Can Be Fed*, in the *World's Work*, Vol. 23, No. 4, Feb., 1912, pp. 443–451.

and will need draining. A little of it is hilly and will need terracing. It is evident that the cultivation of such land demands more capital than most of the land which has so far been used, and the returns from it will be relatively smaller.[1]

So that we should judge the increase of population with relation to two things, namely, the maintenance and progressive rise of the standard of living, and the diminution of poverty and its attendant evils. To do this we must keep constantly in mind the progress of the arts and sciences and the accumulation of capital, as well as the supply of natural resources. The increase of population furnishes a larger supply of labor. But if population increases faster than the amount produced can be increased with the aid of science and the use of capital, it is evident that the general standard of living must be depressed, and it will become increasingly difficult to lessen poverty while there will be great danger that it will increase. We shall be in a better position to abolish unemployment, sweating, and the other causes of poverty, if the general standard of living can be maintained and constantly raised.

We have already noted that there is no *a priori* reason for the rapid growth of population and for attaining a high density. The preceding considerations suggest that, on the contrary, there may be many good reasons for retarding this growth as much as possible. The same may be true of the use of natural resources. The same chauvinistic impulse which calls for as large a population as possible also demands usually a rapid development of natural resources. Unfortunately up to the present time much of this development has been in the form of

[1] Thompson has made a careful estimate of the land which can never be used for agricultural purposes. The aggregate of areas of arid lands, national forests, swamp and over-flow lands, land in cities, and land used for highways and railroads amounts to over 650,000,000 acres, "which cannot be used for agricultural purposes at present, and most of it at no time, so far as we can see." (W. S. Thompson, *Population: A Study in Malthusianism*, New York, 1915, pp. 82–7.)

Thompson's monograph, which was published after this book was written, furnishes numerous data on many of the points discussed in this chapter and the preceding one, and confirms our conclusions in every respect. Especially interesting is his discussion of the evidences of the operation of the law of diminishing returns in Chapter X, which confirms our evidence that it will be increasingly difficult in the future to provide the means of subsistence for a larger population, to say nothing of raising the standard of living.

a wasteful exploitation of these resources for the benefit of a few. But even apart from this, more benefit can be derived from these resources in the long run if they are conserved and expended more slowly. Future generations will have occasion to thank us if we adopt this policy. In order to be able to carry out such a policy, it is essential that population shall increase only at a moderate rate. Otherwise it becomes necessary to consume rapidly the resources which man has received from nature.

As one writer has said: — "Wherein are we the gainers if the wonderful natural riches of the country, which, as we have seen, constitute one of the two great elements which have accounted for our past prosperity, are consumed in the shortest possible time? . . . Are we so greedy for luxury in the present that we wish to leave as little as possible of this natural advantage to future generations? It seems hardly possible. Rather is this idea another of those traditional survivals from the early life of the country, when conditions were such that the exploitation of resources was really essential to growth in per capita, as well as total, wealth, and prosperity." [1]

## Restrictions upon the Increase of Population

The preceding somewhat lengthy discussion of the growth of population in this country has shown the importance of this phenomenon for poverty. It is of importance both from the standpoint of maintaining and continually increasing the amount produced in proportion to the population, and from the standpoint of the distribution of the wealth produced. A proportionate increase in production is absolutely necessary before the standard of living can rise, and this standard cannot be general unless the wealth produced is widely distributed. The data which have so far been presented indicate that in all probability the rate of increase of population in this country and throughout the civilized world is with few exceptions too great both for increasing the production proportionally and for securing a more general distribution of wealth. Consequently we have before us the practical problem of restricting the rate of increase.

[1] H. P. Fairchild, *Immigration*, New York, 1913, p. 392.

We have already noted that in the past famine, pestilence, and war have been the great factors for the restriction of the increase of population. This is still true to a considerable extent. At the time of the present writing a great war is in progress which is exterminating human beings by the million. Furthermore, war is still being caused, as so frequently in the past, by the pressure of population. One of the principal causes of war during the last few decades has been the desire for colonies, and this desire rises in a country when it has become relatively overpopulated, so that there is need either for a place to which some of the population can migrate or for a market for its manufactured products in return for which it can secure food stuffs. So that pressure of population leads to war, and war in turn relieves the pressure of population. In similar fashion pressure of population leads to disease, and disease is still killing off many millions of human beings before their time. Furthermore, many are still dying for lack of food, either by literally starving to death or by being weakened by continued under-nourishment.

However, because of the vast increase in wealth during the past century, population has succeeded in increasing greatly. How much longer this increase can continue it is impossible to prophesy. But it is certain that it cannot go on forever, and, if it is not checked by other means, it is certain that these three gaunt agents of death ever stand ready to put an ultimate limit to the population of the earth. The practical question therefore is whether it is to be left to regulate itself thus automatically or is to be regulated by conscious, artificial means. The automatic method certainly is not humane and is excessively wasteful, so that it is worth while to consider the artificial methods of regulating population.

## The Artificial Regulation of Population Increase

We have seen that improvement of economic conditions almost invariably causes a rise in the birth rate for the population as a whole. This holds true for most of the population. But when we come to the higher economic classes we find a decided tendency in the opposite direction. That is to say, among the well-to-do and the wealthy the tendency is for the birth rate to fall, and this tendency is frequently the stronger

the greater the economic well-being. This tendency also reaches down sometimes as far as the higher class of workingmen, especially when they are set off very sharply by a higher standard of living from the lower class of workingmen, as, for example, in this country where the lower class is made up to a large extent of foreigners.

This is the tendency which has roused so many alarmist cries of race suicide, etc., from those who have failed to see the full import of this phenomenon. Many of these have asserted that the falling birth rate among the higher classes is due to biological degeneration, immorality, etc., but there is no adequate basis for these assertions. In fact, it is quite likely that degeneration and immorality are stronger forces against reproduction among the lower classes, since on account of their smaller economic resources they are frequently not as fit physically or morally for reproduction. The principal cause for a lower birth rate among the higher classes doubtless is the attempt to maintain a high standard of living. So long as numerous progeny threaten their standard of living, these classes cannot be expected to have many children on the average, and this will always be true under the present economic system, for numerous progeny lead almost inevitably to the dissipation both of income and of fortune in the form of capital.

This situation among the higher classes, therefore, instead of being so portentous of evil may after all be very significant of good, for if the lower classes can be induced to follow this example they may be able to better their own condition greatly, and to relieve the pressure of population upon the land and means of subsistence. How feasible this will prove to be, it is difficult to say. As I have already suggested, there are already some indications of such a tendency among the higher classes of workingmen.[1] But whether this tendency will in course of time spread automatically to all the working class and to all of society is doubtful. It is unfortunately true that poverty and a low standard of living encourage a high birth rate, while this high birth rate in turn reacts upon poverty and the low standard of living

[1] L. Brentano furnishes a good deal of data about the decreasing birth rate among the higher working classes in civilized countries; *The Doctrine of Malthus and the Increase of Population during the last Decades*, in the *Economic Journal*, London, Vol. XX, No. 79, Sept., 1910, pp. 371–393.

to reënforce and perpetuate them. The poor are ordinarily too ignorant and too careless to make any effort to regulate the size of their families. Furthermore, we have seen in an earlier chapter that frequently a large family is of temporary economic assistance, for the children can assist in supporting the family. But it goes without saying that in the long run this child labor almost invariably causes more poverty and destitution than it relieves, for it usually causes lower wages and more sweating by underbidding adult labor, while the children are very likely to grow up weakened and ill trained, and therefore good recruits for the classes of the poor and the paupers.

It is, therefore, hardly safe to assume that the growth of population will be checked automatically by any other means than the ancient ones of war, disease, and starvation. To accomplish this end by artificial means efforts will have to be directed along two lines. In the first place, a campaign of education can be carried on whereby the poor would be taught how to regulate the size of their families by the use of contraceptics, and would be encouraged to do so. In other words, the neo-Malthusian movement, which is already strong in England and elsewhere, can be stimulated here.[1] In the second place, by means of legislation, the organization of the working classes, and by every other possible means the general standard of living should be raised, and then this rise will doubtless react somewhat upon the birth rate so as to check it.

As for immigration, we have seen that it has not necessarily

[1] One of the most disgraceful things in this country is the drastic penal legislation against the teaching and use of contraceptics. This legislation is usually alleged to be based upon certain theological and so-called moral doctrines. Such legislation is stupid because it displays total ignorance of the laws of population. It is brutal because it stands in the way of relieving the pressure of population upon many men, women, and children in the lower classes of society. It is vulgar because it is inspired to a large extent by a chauvinistic desire for great numbers. A vast number of individuals, churches, and other organizations in this country are as guilty as and frequently more guilty than the legislators who have passed these laws, because they have forced the legislators to pass such legislation. The present writer has known of many cases where poor women have begged nurses, social workers, and others for the information the dissemination of which is forbidden by these laws. (See, for a discussion of the control of births, C. V. Drysdale, *The Small Family System*, London, 1913; W. J. Robinson, *The Limitation of Offspring by the Prevention of Conception*, New York, 1915.)

increased the population of this country. If we could be certain that this is so, there would be no occasion for regulating immigration for the purpose of checking the increase of population. But we cannot be certain of this. Furthermore, even though immigration may not have increased the volume of population, it has changed its character greatly, and some of these changes are of great significance with respect to the problem of population. So that both with respect to the volume and the character of the population we are forced to raise the vexed question of the restriction of immigration. We shall discuss this important economic and political problem later in this book.

As for the broader question of the effect of immigration and emigration in general upon the whole population of the world, we have not the space to enter into an extended discussion of this large subject. Suffice it to say that in all probability the migrations of peoples have increased greatly the total population of the world by distributing the world's population more in accordance with the distribution of food and the other necessaries of life, thus making it possible to support a much larger number of persons.

## CHAPTER XIV

## POLITICAL MALADJUSTMENT

Functions of government — Theories of government — Defects of government — Governmental inefficiency — Exploitation of public interests — Relation of national to state governments — The amendability of the federal constitution — International political maladjustment — International industrial warfare — Injurious effects of military warfare.

### Functions of Government

Political organization is one of the means of coöperative action in human society. In all probability the first function performed by government was that of the social control of the individual, that is to say, restraining the individual from committing acts which are generally regarded as harmful to society. This has always been and always will be one of the most important, if not the most important, function of government. That this function is of the utmost importance with respect to poverty and its attendant evils must be evident when we consider that, if there were no restraint upon the individual and no order was maintained, the insecurity of life would be most detrimental to human welfare, and the strong would soon dominate the weak in a way which would cause a vast amount of misery to the weak.

But, while the maintenance of order by exercising a certain degree of control over the individual constitutes the irreducible minimum of governmental activity, governments now perform many other functions which are of significance for the study of poverty. Much of the law which has developed in the course of political evolution and is administered by government has to do with property and contractual rights, which play an important part in the economic world. Taxation is frequently extended far beyond its original function of providing the necessary governmental revenue, and is used as an indirect means of regulating commerce and industry. Many economic enterprizes, such as the post office, the telegraph, the railroad, etc., are owned and operated by governments. Many private economic enterprizes

are directly regulated by factory laws, labor laws, etc. The distribution of wealth is regulated somewhat by wage legislation, laws regulating prices, etc.

These facts indicate that the political factor is an important one in the causation of poverty. Poverty is primarily an economic phenomenon, and is caused directly by economic forces. But the political factor also is always present, if in no other way through the enforcement of the laws of property and contract, but frequently to a much greater extent. Usually it is not a direct cause of poverty, but is indirectly responsible by failing to provide the conditions which would prevent poverty or some of its attendant evils. In view of the close relation between the political and the economic factors, it is difficult frequently to decide whether a social problem is purely economic or is partly or largely political in its character. As a matter of fact, the degree of responsibility for the existence of poverty to be assigned to the government or state will depend upon the theory of government. There have been many of these theories, and I will mention briefly the principal types.

## Theories of Government

At one extreme is the individualistic type of theory according to which the only function of government is to regulate the conduct of the individual for the purpose of maintaining order, but to undertake no economic function whatsoever. This type of theory is represented by the *laissez faire* philosophers. At the other extreme is the socialist theory of government according to which the government shall own and operate all economic enterprizes, so that all economic activities shall be political as well as economic in their character. Between these two extremes are many theories, some of which are more or less individualistic in their character and others are more or less socialistic in their character. The representatives of these theories usually assume the social welfare as the criterion of governmental activity, so that we may call these theories social welfare theories of government. Each of these theorists contends that the government shall extend its economic activities as far as he thinks will be conducive to the social welfare. Consequently, according to the different social welfare theories the government should extend

its economic activities in varying degrees, and the more socialized theories permit of extensive governmental activity approaching that of the socialist state.

It is evident that according to the individualistic theory the state is not at all or only to a very slight extent responsible for poverty, according to the social welfare theories it is responsible to a varying degree, while according to the socialist theory it is entirely responsible. The theorists of the individualistic school usually assume that poverty is inevitable and permanent, while the socialists insist that poverty is preventable and would not exist under socialism.

It goes without saying that all civilized governments of today are based upon social welfare theories, because each one of them is trying in some degree to prevent poverty. We have not the space to enter into an extended discussion of these theories. Later in this book we shall discuss, on the basis of data which will be cited, certain political methods which may be used for the prevention of poverty. For the present we shall assume the general point of view of the social welfare theories, and shall note briefly the defects of the existing political system which either lead directly to poverty or are responsible for the failure of government to prevent poverty in part at least.

### Defects of Government

The first defect to be mentioned is the low standard of efficiency in public work. It is probably true in most if not all governmental systems that the standard of efficiency is lower than the prevailing standard in private enterprize. This is due mainly to the fact that in public work there is not the prospect of private gain to spur the managers on to enforce a high standard of efficiency. Furthermore, if the governmental system furnishes the slightest opportunity for it, there is certain to be exploitation of the government for individual interests. For these reasons the efficiency of the individual in public work is very likely to be low. The inevitable result from this is that whatever functions have been undertaken by the government will be ill done, and in some cases this will be a factor in the causation of poverty. For example, if the city streets are not kept well cleaned, disease will spread more easily and will incapacitate more people, thus in many cases making them poor.

But however badly government may perform certain functions, it would not necessarily be preferable to leave it to private enterprize. For example, even though a municipal government may clean a city's streets badly, the streets probably are cleaner than if left to private individuals to clean. So that wherever there is little question that a certain function should be performed by the government, effort should be directed towards making the government as efficient as possible in performing this function. It is evident that there is much variation in the efficiency of different governments. Certain European governments have attained a relatively high degree of efficiency in performing their functions. For example, there is no doubt that the German government is very efficient in performing many of its functions. This is due in large part to the form of the organization of this government. Because of its autocratic and bureaucratic organization many of its officials have permanent tenure of office, and can acquire a great deal of experience and carry out a consistent and settled policy over a long period of time. Furthermore, the tradition of using the services of experts is firmly established. Owing to these and other causes, the German government is very efficient in performing most of the functions it undertakes. Unfortunately much of its efficiency has been attained at the sacrifice of political democracy, and the great problem is to secure efficiency with democracy. This is peculiarly true of this country, whose government has so far been more or less inefficient. Let us consider briefly the causes for its inefficiency.

Most of the functions of government in this country are performed by the municipal and state governments. Almost from the start these governments have been entangled with national party politics to such an extent that it has frequently happened that matters of purely local importance have been decided in accordance with national issues. This characteristic of local government has been due to certain features of our political organization which we have not the space to describe. But local government should as far as possible be divorced from national politics.

The state governments are fairly independent of the national government. But, owing probably to the fact that most of the cities were small and weak when the state constitutions were

ratified in most of the states, the state government has a great deal of authority over the municipal governments. This has led to much interference in municipal affairs by state governments which has usually been bad for the cities, for as a rule the municipal governments are better able to legislate wisely regarding the affairs of cities than the state governments. As a general thing the efficiency of municipal governments would be greatly increased if they were made largely independent of state governments.

As has already been suggested, there is always danger that a government will be exploited in behalf of private interests. This has happened to a vast extent in this country. This has probably been due in the main to two causes. One of these has been the opportunities for private economic enterprize which have distracted the attention of most citizens and especially the more competent among them from public affairs, thus giving those who wished to exploit the government the opportunity to do so. This has probably been the principal cause for the corruption which has been so prevalent in our state and especially in our municipal governments. The other cause has been the crude and extreme form of individualism which has grown out of a mistaken conception of democracy, and which has apparently given rise in the minds of many to the idea that each individual had the right to use the government and exploit the public as far as possible in his own interest. The giving away of a vast amount of public land to railroads, the granting of many franchises, the corruption of government by capitalistic interests, unrestrained competition on the one hand and the growth of the trusts on the other, have all of them in one way or another been due in part to this individualistic spirit.

With regard to the national government one or two things may be noted. In all probability the national government is not enough centralized, and has not as much power as it should have. This is due to the obstacle of states' rights, the sentiment in behalf of which is still very strong in this country. Now it goes without saying that all matters that are of national importance should be under the national government, and it is a display of narrow provincialism on the part of the individual state to be unwilling to grant all of these powers to the central

government. So long as we retain the general principle of local self-government, the jurisdiction over all local matters should be jealously guarded by the local communities. But the states and municipalities should be willing to give up all national matters to the central government.

One obstacle in the way of making these changes and many other changes in this country is the inflexibility of the federal constitution. England has no written constitution whatsoever, and most written constitutions are much more flexible than ours. But our constitution is a constant check upon progress, and has given to our courts a degree of power which is quite incompatible with the spirit of democracy and of representative institutions. In a democracy like ours the legislative power which represents the people should be supreme, and should not be subordinate to or even merely coördinate with any other branch of the government. With the legislative power supreme the people are free to decide what political means they shall use in fighting poverty and other social evils.

The foregoing paragraphs have indicated very briefly some of the defects in government in general and in our government in particular which should be removed in order to make government a more effective force against poverty. We have not attempted to discuss how far the functions of government should be extended, namely, to what extent the economic and other coöperative activities of society should be made political in their character. In later chapters we shall discuss some of the theories which would extend greatly the functions of government, such as the single tax and socialistic theories, and shall present some of the data indicating whether or not it is desirable to make certain political changes which have been advocated on the ground that they will lessen the amount of poverty.

## International Political Maladjustment

Before closing this chapter I wish to touch briefly upon international political maladjustment as a cause of poverty. At the beginning of this chapter I spoke of political organization as one of the means of coöperative action in human society. So far as this form of coöperation is concerned, international relations are still at a very low stage of development. In other

respects international relations have developed to a very high degree. In matters of art, science, and many other cultural activities, there is almost unrestricted interchange between the civilized nations of the world. The same is also largely true of economic activities. This has been due to the vast extension of the division of labor, owing to the introduction of machinery into industry resulting in the large scale factory method of production, and to the development of rapid and cheap methods of communication and transportation. Consequently, it is now true of nearly every civilized country that it receives raw material and finished products from all parts of the world, and sends raw material and finished products in return all over the world. The amount of wealth produced has been greatly increased by this complex and extensive system of international exchange.

But international political organization has as yet developed to a very slight extent. With the exception of a rather vague and almost unenforceable system of international law and treaties, there is no means of political coöperation between the nations of the world. The results of this situation are to be found in the industrial misunderstandings and warfare which are so prevalent between the nations of the world, and similar military misunderstandings and warfare. Let us consider first the political maladjustment in international industrial relations.

## International Industrial Warfare

In spite of the fact that so high a degree of economic interdependence has developed between the nations of the world, most governments have acted on the principle that the economic interests of their countries were opposed to each other, and these governments have usually been supported in such policies by the political sentiments of their peoples. This has led to numerous tariffs in order to discourage the importation of manufactured goods and sometimes of raw materials, to colonization schemes of various sorts for the purpose of securing exclusive control of new markets or for the transfer of surplus population, and to various forms of regulation of emigration and immigration. We have not the space here to discuss at length all the causes of these policies. But it is evident that such political

methods do not harmonize well with the international economic system which has developed. While some nations have doubtless gained temporarily from certain of these policies, it cannot be, in the long run, to the mutual interest of all nations to follow them, for they are opposed to the economic principles the application of which will lead to the production of the largest amount of wealth.[1] It is evident that these economic principles should be applied in the political field by regulating by means of international agreements the exportation and importation of economic goods (there would probably be little need of regulating this commerce), the apportionment of the unoccupied and undeveloped parts of the world, and the migrations of peoples. It would be still better if this regulating could be done by a world state, which would abolish all national political lines.

The truth of the above analysis becomes apparent when these industrial misunderstandings and warfare lead, as so frequently happens, to military misunderstandings and warfare. In these wars it is invariably assumed that the economic interests of the belligerent nations are hostile and that therefore a victory means an economic gain. The fallacy of this must be evident if the above statements are true.[2]

[1] The late Russian economist and sociologist, Novicow, apparently believed that international political maladjustment is, in the last analysis, the cause for the perpetuation of poverty. At any rate, this belief is suggested in the following passage: —

"La misère vient de la spoliation. Si les hommes ne s'étaient pas pillés depuis des siècles, il y a beaux jours qu'il n'y aurait plus un pauvre sur la terre. Et la spoliation internationale est la source de la spoliation interne. Si le milieu international avait été juridique, les nations auraient trouvé depuis longtemps les ressources nécessaires et pour extirper le paupérisme et pour organiser une police capable de dompter les éléments criminels de la société." (J. Novicow, *Le problème de la misère et les phénomènes économiques naturels*, Paris, 1908, pp. 361–2.)

[2] This fallacy has been graphically illustrated, with respect to the European war in progress at the time of the present writing, in the following words:—

"At the present time we are talking, for instance, of 'capturing' German or British or French trade.

"Now when we talk thus of 'German' trade in the international field, what do we mean? Here is the ironmaster in Essen making locomotives for a light railway in an Argentine province, (the capital for which has been subscribed in Paris) — which has become necessary because of the export of wool to Bradford, where the trade has developed owing to sales in the

However, the present writer is well enough aware of the barriers that exist between nations at present in the form of racial differences, different customs and ideas, etc., to know that in all probability industrial and military warfare will not be abolished very soon. To say the least, it is almost certain that so long as unoccupied or undeveloped parts of the world still remain, the civilized nations will continue to fight over them. There can be little hope of permanent international peace and amity until all the world is in about the same state of culture and economic development. So that the best we can do now is to discuss briefly how industrial and military warfare cause poverty and its

United States, due to high prices produced by the destruction of sheep runs, owing to the agricultural development of the West.

"But for the money found in Paris (due, perhaps, to good crops in wine and olives, sold mainly in London and New York), and the wool needed by the Bradford manufacturer (who has found a market for blankets among miners in Montana, who are smelting copper for a cable to China, which is needed because the encouragement given to education by the Chinese Republic has caused Chinese newspapers to print cable news from Europe) — but for such factors as these, and a whole chain of equally interdependent ones throughout the world, the ironmaster in Essen would not have been able to sell his locomotives.

"How, therefore, can you describe it as part of the trade of 'Germany' which is in competition with the trade of 'Britain' or 'France' or 'America'? But for the British, French, and American trade, it could not have existed at all. You may say that if the Essen ironmaster could have been prevented from selling his locomotives the order would have gone to an American one.

"But this community of German workmen, called into existence by the Argentina trade, maintains by its consumption of coffee a plantation in Brazil, which buys its machinery in Chicago. The destruction, therefore, of the Essen trade, while it might have given business to the American locomotive maker, would have taken it from, say, an American agricultural implement maker. The economic interests involved sort themselves, irrespective of the national groupings." ("Norman Angell" in the *New York Times*, February 28, 1915.)

Interesting confirmation of this view is furnished by an English economist in an analysis of the financial effects of the European War, who says that the financial problem created by the war "demonstrated in a very remarkable manner how very true is the major premiss of the doctrine that Mr. Norman Angell has been hammering into us ever since the appearance of his first essay on the subject. This major premiss is to the effect that modern nations are so closely knit together by the bonds of international finance that they cannot go to war without inflicting enormous damage on themselves as well as on one another. This statement, which nobody doubted, has been shown to be entirely true." (Hartley Withers, *War and Lombard Street*, London, 1915, pp. 38–9.)

attendant evils, and how these evils may be somewhat mitigated.

It is impossible to measure accurately the effects of industrial and military warfare, but we can gauge these effects in a broad way with a fair degree of certainty. Tariffs for the restriction of imports are imposed for the purpose of conserving home markets. But they are certain to lead in the long run to the loss of foreign markets. This is because of the so-called "favorable balance of trade" which is created. No country can continue indefinitely with either a favorable or an unfavorable balance of trade. In the end imports and exports must balance each other, so that if a protective tariff succeeds in excluding imports, in course of time the exportation as well of goods and of services from that country must cease. So that if the possession of foreign markets is desirable, this form of industrial warfare is very foolish. Furthermore, it interferes with the international division of labor, which increases greatly the total production of the world.

Colonization schemes also are usually for the purpose of securing exclusive control of certain markets. A nation may succeed in doing this for a time. But it does not usually gain by it in the long run. For as soon as a colonial market becomes large and profitable, it becomes a heavy expense to keep it, and there is great danger of losing it. This is because other nations become covetous, and before long there is very likely to be a war over the colonial possession, which is almost certain to cost more than the colony is worth. Or the colony itself, when it becomes sufficiently large, is very likely to revolt against exploitation, and to win freedom or a high degree of autonomy under which its markets are no longer the exclusive possession of the mother country.

National regulation of movements of population is always undertaken from a purely national point of view, and is not always beneficial even from that narrow point of view. Furthermore, it is very likely to be harmful for the rest of the world. Labor is a commodity of international value and importance which has become fairly mobile, and it would be highly desirable if its distribution could be regulated by international agreement, thus avoiding at least in part the wars and other disturbances caused by migrations of population and the injury

caused by unwise national regulation. We shall discuss the regulation of immigration so far as this country is concerned in a later chapter.

## Injurious Effects of Military Warfare

Let us now consider briefly the injurious effects of military warfare. There are at least three ways in which industry is injured in the course of a war. In the first place, there is the direct interference with industry in the area covered by the military operations. But this loss is likely to be small compared with the other losses. In the second place, there is the loss of certain foreign markets and usually to a certain extent of the home market as well. It is obvious that the markets of foes will be closed to each other during war time, and sometimes for some time thereafter. They may become closed through blockading or otherwise to neutral nations as well, thus causing them injury. The home market also usually becomes smaller, because of the tendency of people to lessen their expenditures during war time by restricting their consumption. In the third place, there is a loss or shortage of raw material and other necessary products coming from the countries of belligerents. All of these losses, except those from direct interference (and even that one also sometimes, *vide* Belgium in 1914 and after), fall upon neutral as well belligerent nations.

As to the effects of these losses upon the working class, it is difficult to generalize. Wages may fall or they may rise, unemployment may increase or it may decrease.[1] The loss of foreign markets and of certain parts of the home market will tend to lower wages and increase unemployment. But there are certain compensating factors. The war usually drafts off into the army a considerable number of men, thus lessening the supply of labor. The war usually creates a big demand for munitions and other equipments of war which stimulates the production of these things. These compensating factors may counteract the forces which lower wages and increase unemployment.

[1] See for conditions in England during the European war, J. A. Hobson, *The War in its Effect on Work and Wages*, in the *Fortnightly Rev.*, Jan., 1915, pp. 144–54; H. J. Jennings, *Unemployment and the War*, in the *Nineteenth Century and After*, Jan., 1915, pp. 227–37.

As to the general economic results from war, they may be stated as follows. War is almost certain to reduce the aggregate production of wealth, thus making society poorer at the end of a war than at its beginning. This is due, as has been indicated, to the destruction of property by military operations and to the cessation in the production of wealth during the war. It goes without saying that most of the goods produced for war purposes are worthless at the end of the war. This means that, unless something is done to distribute the wealth more evenly, the working class is going to be poorer at the end of the war.

Furthermore, the means of production available at the end of the war are very likely to be smaller. Owing to the reduction in the supply of wealth, there is likely to be a shortage of capital. Owing to the destruction of human life, there may be a shortage of labor. To be sure, this loss of life may sometimes appear to be a blessing in disguise. As we have already seen in our discussion of the growth of population, war has been one of the forces for restricting this growth. But even if we grant that it is somewhat beneficial in this respect where there is excessive pressure of population, the relief it brings is at best only temporary. We have already noted how powerful is the vital reproductive force to replace any loss of population, and this force is very likely to be artificially stimulated by the government at such a time. Furthermore, the loss of life caused by war is largely of adult laborers, many of them skilled, whose bringing up and training are therefore lost to society. Infanticide would be a much more economical method of reducing population, while best of all are the methods which have been suggested in the preceding chapter.

But in order to reconstruct what has been destroyed by the war, and to bring the supply of wealth back to the normal; production is almost certain to be brisk after a war, within the limits placed by the available capital. Furthermore, because the supply of labor has lessened, the surviving laborers are likely to get better wages and to suffer less from unemployment. In other words, there comes a period of prosperity which is beneficial both for the employer and for the worker. It is indeed a sad commentary upon the economic organization of society that the period immediately following a war is frequently much preferable to many a period of depression during times of peace.

This is what has led many to think that war is a good thing, because of the stimulus it apparently gives to manufacturing and trade. But it must be remembered that this industrial activity after a war is largely due to an effort to get back to the condition which existed before the war, by making good the losses mentioned above.

Furthermore, it must also be remembered that the payment of the cost of a war hangs over a people long after the war is ended. No modern government can carry on a war very long without raising special funds. This is usually done by the issue of long term bonds, which are purchased in the main by capitalists and upon which interest has to be paid for many years. The question as to who pays in the end for these bonds depends upon the incidence of the taxes by means of which they are paid. Up to the present time it is doubtless true that they have been paid for in the main by the poorer people, upon whom indirect taxes usually fall in the end. So that wars have been paid for mainly by the working classes, and one of the results of modern warfare has been to furnish another means of transferring wealth from the poor to the rich; for these bonds have usually furnished safe investments at fairly good rates of profit for the capitalists, while for many years after a war the poor are contributing heavily to pay the interest to the capitalists and ultimately to pay back the principal. If wars were paid for by heavy assessments upon the rich at the time of the war, or by the issue of bonds to be paid for by direct taxes upon the rich, such as inheritance and income taxes, a war would no longer be a force for making the poor poorer by making the rich richer, for while the poor would not gain anything through the war, they would not lose as much as they do now, and the rich would not become richer at their expense. It is quite probable that if such were the case, there would be very much less war; for the rich usually have a great deal of influence with governments, and under those conditions it would no longer be to the interest of the rich to have war.

Furthermore, it is hardly necessary to call attention to the heavy expenditure between wars caused by military warfare. So long as international relations are based on the theory that the economic interests of nations conflict, war will continue to be an imminent possibility for every nation. Consequently

every nation must maintain itself in a state of preparedness for war. This means constant expenditure for munitions and other equipments of war, and for the services of fighting men who are being withdrawn from the production of wealth. And as no government can safely, from the military point of view, refuse to give pensions, for a long period after every war of any extent there must be heavy expenditure for the payment of pensions.[1] In most cases these expenditures are paid for by means of taxes whose incidence falls upon the poorer people.[2]

In this chapter we have considered briefly the political factors in the causation of poverty and its attendant evils, but have not attempted a statistical measurement of the harmful effects of these factors. We have also not attempted to determine how many economic functions should be undertaken by government. We have seen that much could be done to make political organization more effective for public service. We have seen that standards of efficiency in public work should be raised, and that the exploitation of government for individual interests should be prevented. We have seen that the relations between the local and national administrations in this country should be better adjusted. And last but not least, international political organization should be developed to such a degree that industrial and military warfare would be largely eliminated.

[1] It must be remembered, however, that a military pension system serves, to a certain extent, as a national system of old-age pensions.

[2] The Massachusetts Commission on the Cost of Living in its report issued in 1910 furnishes an abundance of data upon the cost of war and militarism in general for the poor.

## CHAPTER XV

# DOMESTIC AND MATRIMONIAL MALADJUSTMENT

Changes in the family as the fundamental economic unit — Ways of breaking up the family — Widowhood — Divorce — Family desertion — Illegitimacy — Domestic causes of poverty — Unique importance of the individual — Influence of the modern democratic movement upon the family — Increasing economic independence of women — Greater freedom in sexual mating — The personal regulation of reproduction — The individuality of the child.

We have already noted in our chapter on the standard of living that in human society, as it is now organized, the family is to a large extent the fundamental economic unit. That is to say, it is the general rule that the child derives its support as a member of a family composed of its parents and their children. In similar fashion, but to a less extent, the woman derives her support as a member of a family in which her status may be that of daughter, wife, or mother. The man also is usually economically identified with the family, but as distinguished from the woman and child he ordinarily furnishes the economic support for the family. However, there are forces at work to change the economic character of the family, for it is already true that a good many women are earning their support independent of their families, and in other respects the family is changing. So that the following brief discussion of conditions in families which lead to poverty and similar evils is without prejudice with respect to very extensive changes in the family which may take place in the future.

There are at least three ways in which a family may be partly or wholly broken up which demand our notice. It may be broken up by the death or disabling of the breadwinner, by the divorce of the husband and wife, or by the desertion of either the husband or the wife. From such a breaking up of the family some of its members may and frequently do lose their economic maintenance, while it usually results also in the loss of the bi-

parental rearing of the children, which may in the end prove to be a factor for causing poverty.

### Widowhood

In 1910 there were in this country 1,471,390 widowed males 15 years of age and over, or 4.5 per cent of the male population 15 years of age and over; and 3,176,228 widowed females 15 years of age and over, or 10.6 per cent of the female population 15 years of age and over. The Census Bureau offers the following explanation for the excess of widowed females over widowed males: — "Probably remarriage is more common among men than among women, and this may explain in part the great excess of widows over widowers. But without doubt the excess is largely due to the fact that men usually marry at a later age than women, so that the marriage relation is more often broken by death of the husband than by death of the wife. In other words, the excess of single men over single women has as a natural correlative an excess of widows over widowers." [1] It is also due in part to the fact that more married men than married women are killed by industrial accidents and diseases.

The widowhood of the males does not lead to much poverty. When a man is widowed without any children he is, looking at it solely from the economic point of view, almost invariably better off than before. If he is widowed with children, it will not ordinarily drive him into poverty if he is not already poor, however much inconvenience it may cause him. In a few cases the cost of caring for the children may be so much greater than when they were cared for by their mother that it may lead to poverty.

But the condition of the widowed female frequently is precarious. When she is widowed without children she may be able to care for herself, though unfortunately it is still true that there are many women who, if left without economic support, are quite helpless, and consequently become dependents. If she is left with children, she and her children are very likely to become dependents, and widows with their children form a considerable part of those requiring private and public aid. It is, however, impossible to determine how many of the widowed females are left with children.

[1] *Abstract of the 1910 Census*, p. 146.

But widowhood with children, whether it leads to dependency or not, inevitably results in the loss of the bi-parental rearing of the children. In many cases this is a serious matter. In the first place, the presence of two parents with their differing personalities in the household makes the home environment more varied than if there is only one parent, and this tends to develop more fully the personality of the child. But there are still more specific losses from the absence of a parent. The mother ordinarily furnishes a good deal of discipline in the home, which is of value for the development of the character of the child. The father is ordinarily able to assist the child considerably in getting oriented in the world outside of the home and in starting upon a career. So that the loss of either parent may hamper the child in becoming successful, and thus indirectly leads to poverty and dependency.

Owing to lack of adequate statistics, it is impossible to determine how many family breadwinners of both sexes are disabled by accidents and disease. But there are doubtless many cases where such disabling leads to the dependency of the family, and some cases where it leads to the breaking up of the family. Elsewhere in this book are furnished data regarding accidents and disease which throw some light upon this subject.

## Divorce

According to the census report, there were in 1910 in this country 156,162 divorced males not remarried 15 years of age and over, or 0.5 per cent of the male population 15 years of age and over; and 185,068 divorced females not remarried 15 years of age and over, or 0.6 per cent of the female population 15 years of age and over. As the Census Bureau points out,[1] this is doubtless an underestimate, because a certain number of the divorced who are not remarried have been reported as single, or as married, or as widowed. However, it is evident that even after we make allowance for the underestimation the number of the divorced is much smaller than the number of the widowed, probably being less than one-tenth as great. So that divorce is of little importance as a cause of poverty as compared with widowhood.

[1] *Abstract of the 1910 Census*, p. 147.

Furthermore, it is very probable that divorce is much less likely to lead to poverty than widowhood. According to the census reports children were reported in 39.4 per cent of the divorce cases from 1867 to 1886, and in 39.8 per cent of the divorce cases from 1887 to 1906. As the Census Bureau says: — "If the percentages based on the total number of divorce cases

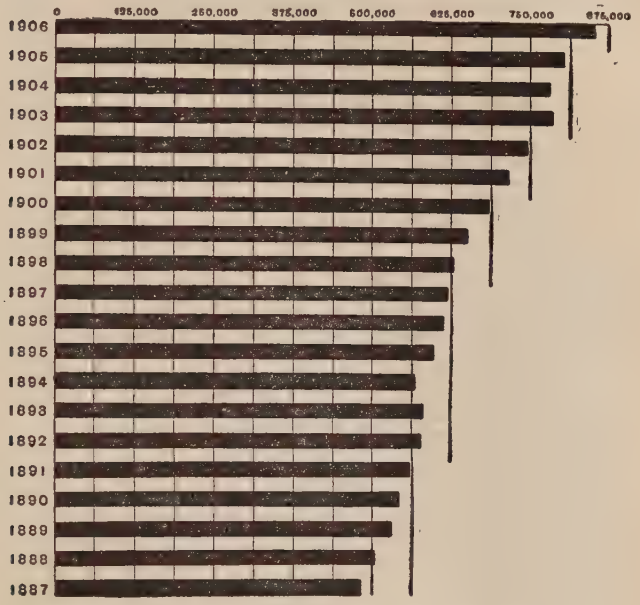


Diagram 13. Annual number of marriages: 1887–1906.

are accepted, it appears that children are affected in about 2 cases out of 5." [1] We have already noted that it is impossible to determine in how many cases of widowhood there were children. But in all probability the percentage is much higher, because the presence of children acts as a restraint upon the inclination to seek divorce. The Census Bureau recognizes this restraint in commenting upon the excess of divorces granted to wives over those granted to husbands. It appears that from

[1] *Special Report on Marriage and Divorce, 1867–1906*, Part I, Washington, 1909, p. 41.

1887 to 1906 in 66.6 per cent of the cases the divorce was granted to the wife, while in only 33.4 per cent of the cases was it granted to the husband. In 46.8 per cent of the cases where the divorce

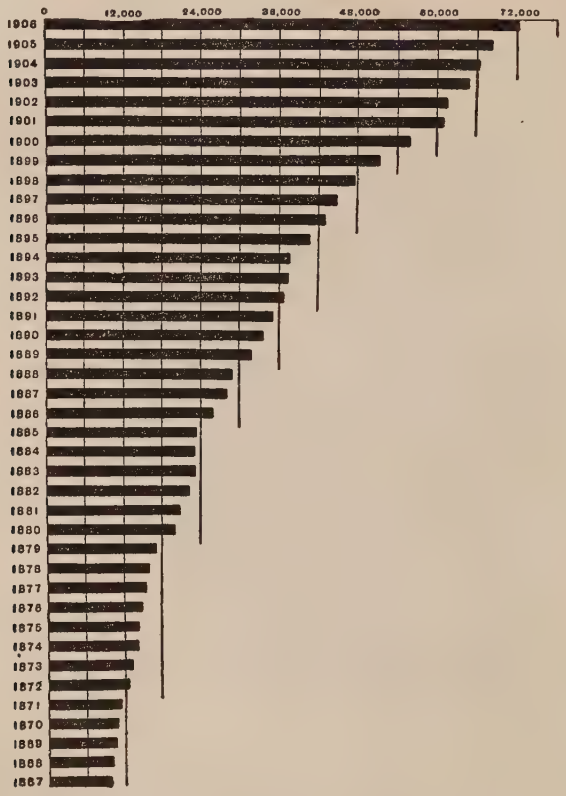


Diagram 14. Annual number of divorces: 1867–1906.

was granted to the wife children were reported, while in only 26.0 per cent of the cases where the divorce was granted to the husband were children reported.

In commenting upon these facts the Census Bureau says: — "In so far as the presence of children acts as a restraint upon the inclination to seek divorce, it might seem that it would have more

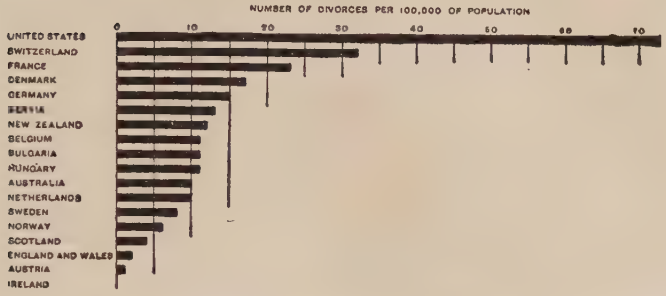


DIAGRAM 15. AVERAGE ANNUAL NUMBER OF DIVORCES PER 100,000 POPULATION FOR THE UNITED STATES AND CERTAIN FOREIGN COUNTRIES: 1900.

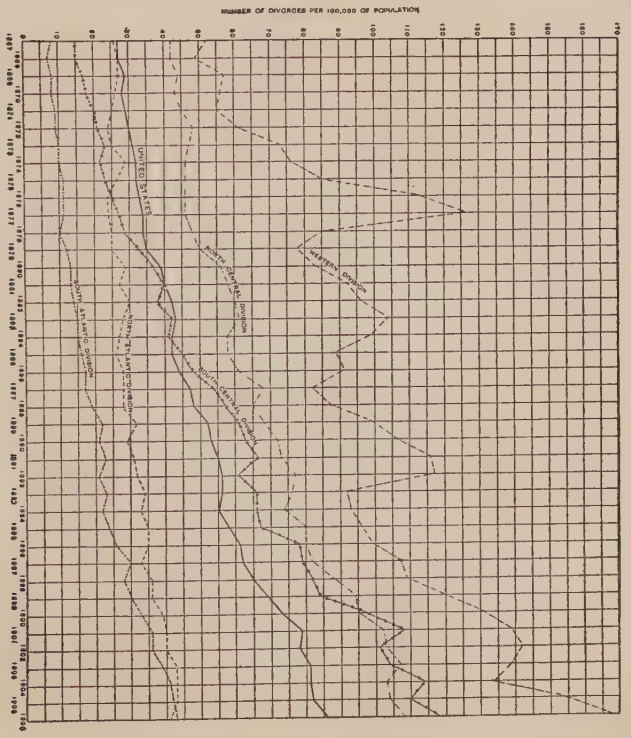


DIAGRAM 16. DIVORCES PER 100,000 ESTIMATED POPULATION FOR GEOGRAPHIC DIVISIONS, BY SINGLE YEARS: 1867–1906.

influence upon the mother than upon the father. This important difference exists, however, between the position of the father and that of the mother when it comes to the question of getting a divorce. The court usually assigns the children to the care of the mother. To her, therefore, divorce does not ordinarily involve a separation from her children. It is a severance of the marital relationship only. To the father, on the other hand, it signifies a severance of the parental relationship also. Both parents may be equally averse to a continuation of the marital relationship, but the father may, for the reason suggested, be more reluctant than the mother to take the initiative in securing divorce." [1]

Unfortunately it is impossible to secure exact data with respect to alimony. According to the census report, alimony was granted in 12.7 per cent of the cases in which the divorce was granted to the wife, and in only 2.0 per cent of the cases in which the divorce was granted to the husband, while even in the latter cases the alimony frequently went to the wife. But alimony is frequently secured by a separate and distinct action apart from the divorce suit, so that the above figures doubtless greatly understate the number of cases in which the wife secured alimony. In some of these cases the wife was childless, and in most of these cases it was unjust to the man to saddle upon him the support of his ex-wife, and socially harmful to furnish these women the means to live in idleness. But in many of these cases the wife had children, and in these cases the alimony served the useful purpose of keeping the children and their mother out of poverty while the children were too young to support themselves. So that, for the reasons which have been stated, divorce cannot be regarded as a serious cause of poverty, however deplorable divorce may be in itself, and however much unhappiness it may cause in other ways. So far as bi-parental rearing of the children is concerned, divorce usually prevents this more or less effectually, though in some cases the children are able to have some intercourse with both parents.

### Family Desertion

With respect to its causes family desertion is somewhat similar to divorce. In many cases it is due to marital unhappi-

[1] *Op. cit.*, p. 41.

ness which in other families leads to divorce. Desertion is practised in the main in the poorer classes in society, such as manual workers and the lower grades of clerks. Ignorance and poverty frequently make it the substitute for divorce. But in other cases the deserter, who is usually the husband, is a skilled worker, and might have recourse to divorce. In such cases it is frequently due to the irresponsible character of the deserter.

It is impossible to determine the number of desertions, but it is evident that desertion must differ considerably from divorce in its results, since most deserted families are left more or less destitute. One investigator of the subject stated in 1905 that "reports of charitable societies show that from year to year deserted families form between seven and thirteen per cent of the total number of families in charge. Twenty-five per cent of the commitments of children to institutions in New York City are attributed to desertion. There are no facilities for estimating the general extent of the practice in any city, because it is only when the family is obliged to ask for help outside its immediate acquaintance that the facts become known." [1] The same investigator studied 574 cases of desertion in different parts of this country and found that these 574 deserters abandoned 574 wives and 1,665 children, or the wife and nearly three children on the average. Of these children 80.30 per cent were under 14 years of age. An explanation of the desertion was reached in 386 of these cases, and it was concluded that in 245 of them it was apparently chiefly the man's fault, in 46 cases it was apparently chiefly the woman's fault, in 52 there was apparently equal responsibility, and in 43 the chief responsibility was in circumstances beyond the control of both.

This investigator's general conclusion with regard to the deserter and his family is as follows: — "The typical deserter is not a figure to excite admiration, nor even much interest. He is young, able-bodied, more or less dissipated, capable of earning good wages, but rarely in the mood for making the exertion, and, above all, he is lacking in the quality which makes an obligation to others outweigh considerations of personal comfort or preference. This combination

[1] Lilian Brandt, *Five Hundred and Seventy-four Deserters and Their Families*, New York, 1905, pp. 10–11.

of characteristics makes him susceptible to attractions of various sorts; it incapacitates him for dealing in a philosophic spirit with the elements of discord which exist in every household; and it prevents him from resisting with even an average will the restlessness that is apt to call every one at times away from the ordinary prose of life. He may be, withal, though he is not always, of a personal attractiveness that makes him a coveted comrade and gives him an advantage with women. The typical deserted family consists of a wife and two or three small children. The wife is a woman with no special preparation for any phase of life, but as far as her knowledge and resources allow she does her part toward making the home what it should be. Frequently she is compelled to be the main support of the family." [1]

The above statement is perhaps too severe upon the male deserter; since it must be remembered that back of many cases of desertion there are marital difficulties which are unseen to the outsider, and for which frequently the wife is at least partially responsible. For example, the spouses may be unsuited to each other sexually, as is true in many conjugal unions. But conventional modesty restrains both of them from mentioning this as a cause of disagreement, while the conventional standard of morality does not as yet recognize this as a good cause for separation. However, the character of the husband is probably the chief single cause of desertion. The corresponding bad traits in the wife are not so likely to lead to desertion on her part, because she is usually economically dependent upon her husband. These traits are more likely to drive the husband to desertion, thus forcing him to shoulder the blame vicariously for the faults of his wife. But whatever the causes may be, it is evident that desertion leads to a good deal of dependency, while it deprives the children of the aid of one of their parents in their bringing up.

## Illegitimacy

Under the present social system there exists another form of maladjustment which leads to a certain amount of poverty and similar evils, namely, the extra-matrimonial matings which result in offspring which are stigmatized as illegal by the law.

[1] *Op. cit.*, p. 63.

The attitude of society towards these offspring has been and is such as to hamper them greatly in their careers. The position of these individuals and their mothers indeed furnishes a most extraordinary spectacle. Whatever may be thought of the conduct of the mothers, it is obvious that the offspring are entirely blameless so far as the circumstances of their births are concerned, and this much is usually conceded in theory. Furthermore, a certain amount of sympathy of a sentimental kind is sometimes aroused in behalf of the unmarried mothers. As one writer on this subject has said: — "There is scarcely a great writer of fiction who has not somewhere introduced this figure in the shifting panorama of romance, appealing for pity to a world which never fails to compassionate imaginary woes; now it is Effie Deans in the Heart of Midlothian; now Fantine, resting by the roadside with Cosette in her arms; or Hester Prynne, pressing little Pearl against the scarlet letter, as she listens from the pillory to the sermon of Mr. Dimmesdale." [1] But however much sentimental pity the reading public has given to the imaginary troubles of the heroines of fiction, most of these readers have turned with scorn and sometimes with curses from the prototypes of these heroines in real life.

Before discussing this social attitude let us consider the extent of illegitimacy. Owing to the inadequacy of vital statistics in this country it is impossible to estimate the exact amount of illegitimacy. But in all probability it is rather low as compared with most of the world. "In Massachusetts from 1856–91 it was 13 per 1,000 total births. In Rhode Island in 1901 there were 13 illegitimate per 1,000 total births, and in Connecticut in 1901 the rate was 11.6." [2] The prevailing rate is much higher in Europe as is indicated in the following table: — [3]

[1] A. Leffingwell, *Illegitimacy and the Influence of Seasons upon Conduct*, London, 1892, p.1.

[2] W. B. Bailey, *Modern Social Conditions*, New York, 1906, p. 121.

[3] V. von Borosini, *The Problem of Illegitimacy in Europe*, in the *Am. Jour. of Crim. Law and Criminology*, Vol. 4, No. 2, July, 1913, pp.212–36.

COMPARISON BETWEEN LEGITIMATE AND ILLEGITIMATE BIRTH RATE

| *Year* | *Country* | *Birth rate per 1,000 inhabitants* | *Rate of illegitimacy of each 100 births* | *Total of illegitimately born* |
|---|---|---|---|---|
| 1910 | Switzerland | 25.0 | 4.3 | 3,900 |
| 1910 | Ireland | 23.3 | 2.6 | 2,800 |
| 1910 | England | 24.8 | 4.5 | 36,000 |
| 1909 | Belgium | 23.7 | 6.5 | 12,000 |
| 1910 | Italy | 32.9 | 5.1 | 56,000 |
| 1910 | Norway | 26.1 | 7.3 | 4,000 |
| 1910 | Germany | 29.8 | 9.1 | 180,000 |
| 1910 | France | 19.7 | 10.2 | 71,000 |
| 1910 | Austria | 32.4 | 13.7 | 118,000 |
| 1910 | Sweden | 24.8 | 10.8 | 19,000 |
| | | | | 502,700 |

The above table indicates that there are probably as many as 700,000 illegitimate births in Europe each year. These figures indicate that illegitimacy is considerable in extent, and therefore has rather extensive results arising from it. Unfortunately, however, it is difficult to secure accurate statistical measurement of these results. We have statistics which show that persons of illegitimate birth are represented to a disproportionately high degree in prisons and reformatories and among prostitutes. The infant mortality of illegitimate children is much higher than that of legitimate children.[1] Some of these phenomena can be explained upon other grounds. For example, many of the illegitimate are born of mentally defective mothers, and this probably accounts in part for their presence in penal institutions and in the ranks of the prostitutes. Many of them doubtless have a bad physical inheritance, and this accounts in part for their high infant mortality. But their misfortunes are due in part to their treatment by society.

We shall be able to touch only very briefly upon the causes of illegitimacy, especially inasmuch as they are exceedingly complex and varied in character. Like so many of the other causes

[1] See for example A. Newsholme, *The Elements of Vital Statistics*, 3d ed., London, 1899, p. 131.

of poverty, it is in part a result as well as a cause of poverty. Ignorance, congested housing conditions, and other results of poverty frequently are factors in causing illegitimacy. But, on the other hand, it is sometimes found in a proportionately higher degree among the classes which are not poor. This is illustrated in the relation of illegitimacy to education. Sometimes it is found to a high degree among the relatively ignorant. But in other places it is found to a high degree among those who are relatively well educated. Sometimes it is found highest in urban communities, at other times it is highest in rural communities. Religion varies greatly in its effect upon illegitimacy, though certain religions seem to restrain it rather consistently. Legislation with respect to marital relations has perhaps the most distinct effect upon illegitimacy. If legislation tends to make marriage and divorce difficult, it is almost certain to increase illegitimacy. Some writers on the subject believe that race has much to do with illegitimacy, and this may be true in part, though probably not to the extent that has been asserted by these writers.

### Domestic Causes of Poverty

Domestic maladjustment outside of sexual matings may sometimes lead to poverty. Perhaps the most important example of this is where disagreement between parents and offspring leads to running away from home on the part of the offspring, which may in turn lead to vagrancy, crime, etc. It is obviously impossible to measure to what extent this form of maladjustment causes poverty and similar evils, but it has been noted as a factor in a sufficient number of individual cases of poverty to make it worthy of note.

The above discussion indicates in a very general way how domestic and matrimonial maladjustment sometimes leads to poverty. Some of the ways of preventing such maladjustment will be discussed elsewhere in this book, as, for example, disease and premature death which leave so many families dependent. The general subject of the prevention of poverty will be discussed in the latter half of this book. But there is one observation which should be made here in direct connection with the preceding discussion which is of great significance with respect to the prevention of domestic and matrimonial maladjustment.

## Influence of the Modern Democratic Movement upon the Family

It was stated at the beginning of this chapter that there doubtless are forces at work which may change greatly the character of the family. Perhaps the most important of these is the tendency towards regarding the individual as of unique importance, in other words, the modern democratic movement in its truest sense. This movement is making it more and more difficult to subordinate the interests of individuals to those of such group entities as the family, the state, etc., as if these entities were of any importance apart from the individuals who make them up. Men and women are ceasing to regard with fetishistic adoration these entities, and to give to them the right of crushing out like juggernauts the happiness and lives of individuals. It is becoming more and more true that these entities are being given rights only in so far as these rights seem to promote the interests of the largest possible number of individuals. We have not the space to enter into a lengthy exposition of this point, but must note the influence of this movement upon the phenomena of maladjustment discussed above.

One of the inevitable results of this movement is to give woman a much more independent position than has usually been her lot in the past. Thus she is no longer regarded as merely an integral part of the family, but as an independent personality as well. One result of this is that she is winning her economic independence more and more. This is of great importance with respect to some of the forms of maladjustment mentioned above. If a woman is capable of supporting herself, neither widowhood, nor divorce, nor desertion is likely to throw her and her children into a state of dependency.

In accordance with the spirit of this democratic movement, both men and women will doubtless be left more free to make and also to break their sexual matings as they choose. This, of course, means a certain number of separations, perhaps a good many of them. From one point of view this is deplorable, since it means the disappointment of many hopes, and sometimes the loss of bi-parental rearing for children. But it must be remembered that in most cases this is a much smaller evil

than binding together permanently those who are unsuited to each other.

Furthermore, another change which will benefit both men and women is bound to come as a result of this democratic movement, which will mitigate greatly the evil results from these separations. They will be left free to have children or not as they please. This is already true in some of the civilized countries of the world, and it is to be hoped that it will soon be true in this country, where barbarous laws still try to prevent men and women from regulating these all-important personal matters for themselves. The belief in the righteousness of such freedom has already gone so far that there are many intelligent women in Europe who are openly demanding the right of free motherhood, that is to say, motherhood with a legal status outside of the marital relation. The significance for our purposes of this freedom in having children is that under such conditions of freedom couples which are in danger of separating will not be so likely to have children. It will doubtless become more and more true that only those couples who are bound by a love so deep that it is not at all likely to be broken will have children, in part in order to strengthen that bond. So that the evil results to the children arising from the separation of their parents will take place less frequently.

It is true that free motherhood of the sort mentioned above, if practised at all extensively, would bring many children into the world who would receive only maternal rearing, which would be deplorable. It is possible that such motherhood is nevertheless justifiable, in the first place, on the basis of the general principle of freedom, and, in the second place, in order to afford the women who are unable to secure a permanent mate the privilege of motherhood. It is to hoped that with the growing freedom and equality between the sexes a constantly higher proportion of men and women can become properly mated, and can enjoy parenthood to the extent desired by them.

Turning to the effect of the democratic movement upon the child, it is evident that the child will be regarded less as merely an integral part of a family, and more and more as a personality to be treated as such. There is, to be sure, an important distinction to be made in practice between the treatment of the

child and of the adult, in that the child on account of its ignorance and helplessness cannot be given so much freedom as the adult, and must to a considerable extent be under the authority of its parents or of other adults. To this extent the child's personality will be restrained. But the state as the central organ of society should do everything it can to recognize the individuality of the child. The first thing it can do and should do is to abolish the hideous discriminations against bastards. The distinction between legitimate and illegitimate birth should be wiped away completely, so that every person who comes into the world shall start with the same legal status as all others. Nothing could be more undemocratic, to say nothing of the violence done to the individuality, than to place upon any one the legal and social stigma of bastardy, in view of the obvious lack of responsibility of every living being for all prenatal conditions and acts.

In the second place, while it is doubtless true that parents will always remain largely responsible for the rearing of their children, the state should stand ready to guarantee to every individual a fair and equal start in life. Thus the children who are so unfortunate as to experience the misfortunes which have been described, would be adequately cared for by the state.

Domestic and matrimonial maladjustment can never be entirely prevented, because there will always be a certain amount of friction in human relations. But it is to be hoped that with a better social organization much of it will be eliminated, at least to such a point that no more poverty will be caused by these kinds of maladjustment.

## CHAPTER XVI

# SUMMARY ON THE CAUSES AND CONDITIONS OF POVERTY

Poverty as a self-generating condition — Individual causes of poverty — Economic causes of poverty — The complexity of the causes of poverty — The Socialist theory of poverty — The Single Tax theory of poverty — Theory of poverty as caused by exploitation — Theory of poverty as caused by waste — The organismic theory of poverty — Poverty as one aspect of social evolution — Description of conditions and misery of the poor — Poverty as a menace to society — Poverty as a cause of racial and national decadence and degeneration — The influence of the physical environment — Cultural factors.

Let us now review briefly the preceding chapters of this book. It must be evident to the reader by this time that the causes of poverty are very complex and inter-related, and that it is therefore a difficult task to disentangle and analyze them. Furthermore, it is frequently difficult to determine whether a condition of poverty is a cause or a result of poverty, or is perhaps a mixture of both. It is doubtless true that many of these conditions are at first results of poverty, but soon become causes as well. This fact will be illustrated in the course of this chapter, and gives some justification for the statement sometimes made that poverty itself is one of the greatest causes of poverty.[1]

However, poverty is not a spontaneous phenomenon in the sense that it is entirely or even in large part a self-generating condition. That is to say, if poverty could be wiped out completely tomorrow, but the organization of society remained much the same as at present, not many years could pass before

[1] For example, Miss Brandt states this theory when she suggests that "poverty is itself one of the most potent causes of poverty and one of the most responsive to treatment. This is a truth Mr. Bernard Shaw happened upon the other day in London when he said that the whole trouble with the poor was their poverty, and that this could be made all right by dividing among them the money contributed for charity without any intermediate waste in salaries." (Lilian Brandt, *The Causes of Poverty*, in the *Political Science Quarterly*, Vol. XXIII, No. 4, Dec., 1908, p. 647.)

there would be again in existence almost if not quite as much poverty as there is at present. This would necessarily be the case because such factors as unemployment, disease, accidents, the pressure of a rapidly increasing population, political maladjustment, etc., would still be at work to create poverty anew. So that poverty has numerous causes other than itself, and these causes we must now discuss.

## Causes of Poverty

The central fact with respect to poverty is the smallness of wealth and of incomes which characterizes the poor. The extent to which such small incomes are widespread has been shown in our chapters on the distribution of wealth and incomes, the extent of poverty, and the standard of living. In one sense this smallness of income is the immediate cause of poverty. But it is more true to say that it is the peculiar characteristic of poverty, and the causes of this smallness of income are the true causes of poverty.

In certain chapters of this book we have discussed characteristics of individuals which in those individual cases were the immediate causes of poverty. We have seen that disease in many cases, deficient mentality in many other cases, render the individual incapable of securing a living income. We might add that old age, on the one hand, and extreme youth, on the other hand, give rise to the same condition when the normal support for persons in these age periods is lacking. It may therefore appear that the causes of poverty are to be found entirely or in large part in the characteristics of individuals. But we also know that there are a great many cases of poverty where these personal characteristics are not present. Furthermore, when we trace the causes of these characteristics we find that in many cases they are due to features of the present day organization of society. The disease or the mental deficiency referred to above is frequently due to the kind of work the individual is forced to do, or to the conditions under which he is forced to live. The lack of normal support for the young and the old is frequently due to the fact that the source of such support has been incapacitated or killed off by the conditions referred to above. Such being the case we must turn to the

study of social organization in general, and of the organization of industry in particular, in order to find a more adequate explanation of the causation of poverty.

Under the present capitalistic system of production, most of the wealth of society is owned by a comparatively small number of individuals. Because of the control given by such ownership, these individuals are able also to secure a disproportionately large share of the income from the productive use of this wealth. Now the majority, composed of the non-possessors, might dispossess the possessors and then take their proportionate share from this income. However, whether or not this would actually work out is uncertain. Many students of this question believe that this would reduce greatly the amount produced, if indeed the whole system of production did not go to pieces more or less completely, so that the workers would be no better off in the end. We cannot discuss this great question here, but shall touch upon it later in this book.

There is, however, another way in which the workers might be able to check the control by the capitalists, and that is by restricting the increase of population. Inasmuch as labor is absolutely essential for production and is subject to the usual laws of supply and demand, a restriction of the supply of labor would probably tend to increase its value. It is, of course, possible that restricting the increase of population would restrict the demand for the products of industry to an equal degree, so that the value of labor would not appreciate in the end. However, this is not likely to be the case because of the disproportionate share of these products which the capitalists receive, so that the demand for these products is not likely to fall as much as the supply of labor. Furthermore, as we have seen, population has probably already reached a point of sufficient density to exert some pressure upon the supply of natural resources, so that the restriction of the increase of population would afford some relief at this point also. At any rate, we will not discuss this question further at this point.

Under the present system of private business enterprize, production is very irregular and more or less unorganized. Consequently we have alternating periods of depression when little is produced and the demand for labor is small, and of prosperity when the tendency is to produce too much and thus to cause

waste. Out of these and similar characteristics of the existing system arise unemployment, the sweating system, the use of unsuitable labor, numerous accidents, industrial warfare, and many other phenomena which become more or less potent causes of poverty.

In addition to these conditions is the fact that government has not as yet developed very far towards becoming an effective agency for creating desirable living conditions for the great majority of the people.

The fact that the causes of poverty are so numerous and so extremely complex suggests that poverty is one phase of the existing organization of society, and perhaps of every form of social organization. In most discussions of the causes of poverty the tendency usually is to discuss one or both of the following questions, namely, as to whether poverty is right or wrong from the point of view of the responsibility of society as a whole or of a certain group in society, and as to whether poverty is avoidable or inevitable. Furthermore, the tendency in these discussions is to be unilateral in the explanation of the causes of poverty, namely, to recognize but a single or a very few causes of poverty.

The present study of poverty is purely scientific in its character, so that we are not interested in any moral questions with respect to the causation of poverty. We shall discuss in a later chapter the question as to whether or not poverty is inevitable, but shall be able to answer it only tentatively. Furthermore, our conception of the causation of poverty is obviously not unilateral in its character. But for purposes of comparison and contrast it may be well to introduce a few of these theories at this point.

## Theories of Poverty

The Socialists ordinarily account for poverty on the ground that it is caused by the exploitation of the worker by the capitalist. In one of the best of the recent statements of the Socialist point of view this explanation is offered, closing with the following conclusion: —

"Thus our present system fails absolutely to satisfy the most primitive need of food, clothing and shelter, for a large section; it imposes absolute failure on others struggling to meet that need, and it places

such great difficulties in the way of others that they cannot enjoy life after these needs are satisfied; it makes the grip of the vast majority of men on a standard of life which is but moderately comfortable, precarious in the extreme; it secures incomes to those who do no service and by allowing the growth of monopolies it tends to increase the power of those enjoying economic advantages and so it encourages exploitation. . . . The Socialist charge against capitalism is that it is a method of exploitation, and its development produces conditions which forbid and render impossible its continued existence." [1]

It is evident that several of the assertions with regard to the present system in the above citation are perfectly true. But it is not necessarily true that poverty is due entirely or even in the main to exploitation.

The Single-taxers also account for poverty on grounds of exploitation, but an exploitation not so extensive as that of the capitalist, namely, the exploitation of the land by the landowner. Here is Henry George's explanation of the causes of poverty: —

"*The reason why, in spite of the increase of productive power, wages constantly tend to a minimum which will give but a bare living, is that, with increase in productive power, rent tends to even greater increase, thus producing a constant tendency to the forcing down of wages.*" [2]

Another Henry George of a later generation broadens out considerably the range of this process of exploitation which causes poverty: —

"We have found the unequal distribution of wealth, which so distracts public and private life in the Republic, to be due to Government favors to individuals, operating in all instances as if private laws had been made expressly for their benefit. We have seen the Government favors or privileges fall into four general classes: monopolies of natural opportunities, tariff and other taxes on production and its fruits, highway grants, and incorporation powers and immunities. We have seen that the first two of these can be destroyed by shifting the entire weight of taxation from production to land values, that highways should be taken over, and that then would easily follow simplified processes of incorporation and modified judicial practices." [3]

[1] J. Ramsay Macdonald, *The Socialist Movement*, London, 1911, pp. 77–8.
[2] Henry George, *Progress and Poverty*, New York, 1911, p. 280.
[3] Henry George, Jr., *The Menace of Privilege*, New York, 1906, p. 409.

Still another recent statement of the Single-tax theory of the causation of poverty is as follows: —

"Herein is the crux of the social puzzle. Herein is the explanation of increasing poverty in the midst of increasing wealth; of misery, destitution, and suffering on the one hand, and unimaginable luxury and waste on the other. In this struggle for the use of the land and the speculative values to which it gives rise, is the solution of the paroxysms of industry which periodically afflict the commercial world. It is this, too, that explains the vacant fields and idle workshops, while millions of men are seeking employment." [1]

Another theory of poverty based upon exploitation is that of Novicow. He apparently regards poverty as being due to the waste caused by exploitation in general, including many different kinds of exploitation. His theory is briefly stated in the following citation: —

"Chaque année l'homme produit une certaine quantité de richesses par son travail. Chaque année, également, il en détruit une partie par l'emploi de la violence: les brigandages, les émeutes, les grèves accompagnées de destruction de propriétés, les guerres, les armements, etc. L'homme ne peut alors tirer de jouissances que de ce qui lui reste après cette soustraction. Il est manifeste que, si aucune soustraction n'avait lieu, la somme des biens eût été supérieure. Violence et richesse s'excluent réciproquement. Et c'est evident, à première vue, puisque richesse signifie adaptation du milieu et que la violence est une action sur le voisin qui l'empêche d'opérer cette adaptation. Toute violence est du temps perdu, donc une niaiserie et une absurdité. La misère vient de la spoliation. Si les hommes ne s'étaient pas pillés depuis des siècles, il y a beaux jours qu'il n'y aurait plus un pauvre sur la terre. Et la spoliation internationale est la source de la spoliation interne." [2]

Still another theory which lays great emphasis upon waste, especially that caused by luxury, but does not lay so much emphasis upon exploitation, is stated in the following citation: —

"Two evils now stand in the way of a better share for the workers in the good things of the earth. These are the dearness and scarcity

[1] F. C. Howe, *Privilege and Democracy in America*, New York, 1910, pp. 116–7.

[2] J. Novicow, *Le problème de la misère et les phénomènes économiques naturels*, Paris, 1908, p. 361.

of capital and the dearness and scarcity of food and raw materials. Both of these evils every one of us can help to correct by spending less on luxuries, and living more sensible lives, in accordance with a more genuine standard of comfort, based on our real wants instead of mimicry of the extravagance of our neighbours." [1]

A statement of the causes of poverty which is somewhat broader than the preceding, probably because it is more eclectic, is the following. Referring to the classification of the causes of poverty the writer says: —

"A new classification, which reflects the recent change in thought, was offered at the National Conference in 1906 by Dr. Lee K. Frankel. It consists of only four divisions: ignorance, industrial inefficiency, exploitation of labor and defects in governmental supervision of the welfare of citizens. Logic seems to demand that we reduce these four causes to two, cutting out ignorance and inefficiency as results. To some form of exploitation or to some defect in governmental efficiency most of the circumstances which we commonly regard as causes may be ascribed. For practical purposes, however, these two causes must be broken up into their components, and to account for all the poverty in existence, a third heading must be used expressing the defective will that chooses unwisely in the face of knowledge and the selfishness that evades responsibility." [2]

It is evident that all of these theories are too unilateral. Or, at any rate, each of these writers has failed to state his theory in such a fashion as to indicate the multiplicity of the factors in the causation of poverty. The Webbs have criticised similar theories in the following words: —

"There are those who hold — along with Professor Bernard Bosanquet and the Council of the Charity Organisation Society of London — that destitution in all its forms is invariably associated with a defective 'citizen-character,' a 'failure' in the person who is destitute. There are those who hold — along with Professor Devine, who is the Secretary of the Charity Organisation Society of New York — that practical experience among the poor demonstrates that the destitution of great cities is, in all its manifestations, essentially the result of the bad economic conditions to which the individual is subjected.

[1] Hartley Withers, *Poverty and Waste*, London, 1914, pp. 176–7.

[2] Lilian Brandt, *The Causes of Poverty*, in the *Political Science Quarterly*, Vol. XXIII, No. 4, Dec., 1908, p. 644.

And among those who attribute all forms of destitution to personal 'failure' there are the Eugenists, who ascribe this deficiency of the individual to a descent from a bad stock; and the Educationalists, who ascribe it to defective nurture. These abstract controversies, which delighted the Early Victorians, are, we venture to think, amid the concrete scientific methods of twentieth century administration, somewhat belated." [1]

Nevertheless there is more or less truth in each of these theories. There has been and doubtless is a great deal of exploitation, in the sense that certain individuals are supported by the productive labor of others. Parasitism is perhaps a better name for this, because in many cases the exploiting is done unconsciously by those who benefit by it. But the elimination of all exploitation or parasitism would certainly not exterminate poverty completely. Indeed, until a radically different system of production is evolved, a certain amount of exploitation is probably essential and inevitable.

There has been and certainly is a great deal of waste — in production through inefficiency, and in consumption through luxury. But the saving of all of this waste would by no means prevent poverty entirely, for we know very well that even if all of the wealth of the world were divided up more or less equally, the share of each individual would not be large enough to give him a standard of living which would put him well above or even at all above the poverty line. So that the amount produced will have to be greatly increased, as well as the amount which is wasted saved, before poverty can be abolished entirely or in large part.

A more philosophic view of poverty than these theories is one which regards it as a disease of society, or as an abnormal or pathological social phenomenon. Such a view is more philosophic because it looks at poverty from the point of view of society as a whole. The organicists in sociology, who regard society as an organism like the biological organism, have pushed this conception of poverty to an extreme which is absurd, in view of the fact that society is very different from the biological organism.[2] Other writers have called poverty a disease

[1] S. and B. Webb, *The Prevention of Destitution*, London, 1911, pp. 8–9.

[2] As an extreme example of such a view see Paul von Lilienfeld, *La pathologie sociale*, Paris, 1896. Lilienfeld regards society as a multicellular

merely in the sense that it is a condition which is bad and harmful from the point of view of human welfare.[1] We ourselves have taken a similar view of poverty in our chapter on pathological social conditions, without implying any organismic theory of society.

A still more philosophic conception of poverty, and one which is more correct sociologically, is of poverty as one aspect of social evolution. That is to say, we regard poverty as the condition of a group or class of individuals which has apparently been one of the necessary products of the social process. An explanation of its existence therefore necessitates a thoroughgoing explanation of social evolution, which fact coincides with our view of the multiplicity of the factors in the causation of poverty. Some writers who have studied this subject in this broad fashion have inclined to the view that poverty is the condition of these who are being eliminated in a social struggle for existence by means of a selective process which is similar to natural selection in the organic world. But, as we have intimated in the last paragraph, it is not safe to draw so strict an analogy between the social and organic worlds.

## Conditions of Poverty

Turning now from the causes of poverty, let us touch briefly upon the conditions of poverty. Some of these conditions have already been described in this book, and more of them will be described in the course of the rest of this book. As we have already noted, many of these conditions are the results of poverty, but have become its causes as well.

It should hardly be necessary to describe the conditions of poverty here. There can be few if any readers of this book who have not seen something of these conditions with their own eyes, and who have not learned much about these conditions from numerous sources of information. In every large city are to be found the districts of congested population.

organism with a nervous system and intercellular substance, and describes economic, juridical, and political diseases with therapeutic measures for them.

[1] See, for example, S. and B. Webb, *The Prevention of Destitution*, London, 1911. Chapter I is entitled "Destitution as a Disease of Society."

Here are the dwelling houses and tenements in which many of the poor are crowded and live in conditions which are uncomfortable and insanitary. The furnishings of these homes usually are insufficient for comfort and for health. The food is inadequate and of poor quality. The results from these conditions are to be found in physical weakness and widespread disease. As a consequence, the adults are inefficient at their work, and the children unable to learn with facility in the schools. These are the districts in which the morbidity and mortality rates are high. Frequently also they are the districts in which the rates for crime and intemperance are high. It goes without saying that forces for crime and intemperance are to be found everywhere in human society. But there is no doubt that the conditions of the poor stimulate both these evil tendencies. This is peculiarly true of intemperance. It is in the main the misery of the poor which impels them to seek the temporary relief furnished by alcoholic beverages, thus inevitably leading them to a far worse state of misery.[1] Thus it is that intemperance, which is to so great an extent a result of poverty, becomes as well a potent force for poverty.

Under these conditions it is hardly possible for the family life to develop to its fullest extent. On account of lack of leisure and of the necessary facilities, both the children and the adults fail to get a sufficient amount of recreation. For similar reasons there is obviously little opportunity for cultural development among the poor.

Nor are these conditions limited to large cities, for they are to be found also in hovels on the outskirts of small towns and villages, and even in the open country. Furthermore, most of these conditions characterize the homeless vagrants and mendicants who wander from place to place, usually in greater destitution than the poor who have homes.

The results from these conditions to the poor themselves can perhaps be best summed up in the one word misery. But there are certain evil results from poverty to the rest of society. Even though there are certain individuals who profit from the misery of the poor, society as a whole suffers from poverty in certain ways. As we have already noted, the prevalence of

[1] See, for a discussion of this subject, a monograph by the present writer entitled *Inebriety in Boston*, New York, 1909.

disease, crime and certain kinds of vice is stimulated by poverty, and, as all of these evils are more or less contagious, their prevalence is by no means limited to the poor themselves. The cost of caring for many dependents who might be self-supporting, and of a considerable number of criminals whose crimes are due to poverty, falls upon society as a whole. Looked at from the esthetic point of view, the presence of poverty is a blot and an eyesore upon civilization, and the life of society as a whole will be raised to a higher plane and made more refined if this blot can be removed.

### Poverty and Degeneration

Before closing this chapter it may be well to add a few words upon a subject which is sometimes discussed in connection with poverty, namely, racial and national decadence and degeneration. Some students of the subject have thought that such decadence and degeneration have in certain cases been due entirely or in part to poverty. Some of these students have thought that this was due to the transmission by means of inheritance of the weakness and disease caused by poverty, or of the effects of such weakness and disease. Others have thought that it was due to the fact that poverty encouraged the multiplication and the preservation of the unfit, either directly, or indirectly through the unwise philanthropy stimulated by the existence of poverty. But, on the other hand, still other students of the subject have thought, as we have already suggested a little earlier in this chapter, that poverty has acted and does act as a selective force for the elimination of the unfit in the social struggle for existence. If this last theory is true, poverty must be a force against rather than for racial and national degeneration.

The causes of racial and national decadence and degeneration are very numerous and complex, and differ greatly from one instance of such degeneration to another. Many believe that certain races are very inferior in their ability to develop or to assimilate culture. It is probable that racial differences have played some part in determining the differences in the cultural status of these races. But it is very doubtful if any great cultural differences can be explained solely by differences of race. In every one of these cases other important differences as well can be found.

The physical environment has in many places been a serious drawback to the development of culture and the production of wealth. It is a striking fact that most of cultural evolution has taken place in the temperate zones, and not in the tropical or the arctic regions. Great heat, excessive cold, an arid soil, swampy ground, mountainous districts, etc., have all served as factors to arrest the cultural evolution of the inhabitants of the regions characterized by these features. This fact is perhaps illustrated most strikingly where a change in climate has arrested, has driven away, or has destroyed completely a culture.[1] Sometimes a climate has assisted indirectly in arresting a culture and causing it to decline by fostering certain diseases.[2]

Cultural factors usually play an important part in bringing about such decadence and degeneration. Certain religious, moral, and economic institutions may serve as arresting and retrogressive forces, as when a rigid caste system impedes progress, or a class system on an economic basis, in which certain classes are being exploited to an excessive degree by other classes, develops. Cultural relations may play a similar part in various ways, as when one nation is threatened by a stronger one, and when a weaker people is subjected or enslaved by a stronger people. Migrations of peoples may play a similar part, as when they cause an excessive degree of ethnic heterogeneity, thus impeding national development.

War has doubtless played a considerable part in causing racial and national decadence and degeneration. There has been a good deal of study devoted recently to the way in which war has caused a process of reversed selection in which the physically superior individuals have been killed off while the weaker individuals have survived, thus leading to racial degeneration.

[1] *Cf.* Ellsworth Huntington, *The Pulse of Asia*, Boston, 1907; *Palestine and its Transformations*, Boston, 1911; *The Climatic Factor as Illustrated in Arid America*, Carnegie Institution, Washington, 1914.

[2] For example, there has been some study of the influence of malaria, which is disseminated by mosquitoes which live where there is stagnant water. It is believed that this disease played a part in the decline of the ancient Greek civilization in Greece and in certain Greek colonies, such as Pæstum on the west coast of Italy. *Cf.* W. H. S. Jones, *Malaria and Greek History*, Manchester, 1909. Malaria has probably impeded cultural evolution elsewhere as well. *Cf.* Ronald Ross *et al.*, *Report of the Malaria Expedition*, Liverpool, 1900.

It should, however, be remembered that, on the other hand, war has also been a beneficial selective force by eliminating in part certain undesirable types, such as the turbulent, the refractory, and the unsympathetic.

Various alarmist writers of the present day assert that certain features of our modern civilization are powerful forces for decadence. It is asserted that the pressure of a very complex civilization gives rise to neurotic tendencies which manifest themselves in certain forms of art and literature, in an increase of suicide, and in many other ways. Some assert that national virility is frequently sacrificed for advancement along certain cultural lines, as illustrated in modern humanitarianism, the decline of patriotism, anti-militarism, the development of individualism, evolution along certain esthetic lines, etc. With respect to this country in particular, it is asserted that immigration is causing an excessive degree of ethnic and cultural heterogeneity, and that there is a large abnormal element in the immigration to America composed of many defective, dependent, and criminal immigrants.

Now it is evident that many of these factors give rise to poverty by restricting the production of wealth and by causing its unequal distribution. The poverty thus brought into existence may in turn become a factor for hastening the process of decadence and degeneration. But it is very doubtful if in any or many of these cases poverty was the initial or the principal cause of this process. It is evident that poverty could not have such an effect through the hereditary transmission of physical and mental traits caused in the individual by poverty, for we know that acquired characters cannot be inherited. With respect to whether poverty is a good or a bad selective force, we have seen that there is difference of opinion. Unfortunately we know very little as yet with regard to the selective process among men in human society.

As one writer has said: — "One of the great books of our century will be some day written on the selection of men, the screening of human life through the actions of man and the operation of the institutions men have built up. It will be a survey of the stream of social history, its whirls and eddies, rapids and still waters, and the effect of each and all of its conditions on the heredity of men. The survival of the fit and the unfit in all degrees and conditions will be

its subject-matter. . . . It will set down soberly and statistically the array of facts which as yet no one possesses; and the new Darwin whose work it shall be must, like his predecessor, spend twenty-five years in the gathering of 'all facts that can possibly bear on the question.'" [1]

It is quite probable that unwise philanthropy has checked natural selection somewhat, and has thereby done harm. But it is, to say the least, highly improbable that poverty has to any great extent been a factor for racial and national decadence and degeneration in the past. Whether or not it will be so in the future, it is still more difficult to say.

[1] D. S. Jordan, *The Human Harvest, A Study of the Decay of Races through the Survival of the Unfit*, Boston, 1912, pp. 119–20.

# *PART III*

# REMEDIAL AND PREVENTIVE MEASURES

## CHAPTER XVII

# THE MODERN HUMANITARIAN MOVEMENT

Instinctive and affective causes of humanity and cruelty — Intelligence and the sympathetic imagination — Recent increase of humanitarianism — Not caused by changes in human nature — The Christian theory of humanitarianism — Comparison of the humanitarian influence of religion and science — Christian influence for and against humanitarianism — The ethical theory of humanitarianism — The causes of modern humanitarianism: the renascence of learning; the industrial revolution; the theory of evolution; etc. — Types of humanitarians — The emotional type — The sentimental type — The intellectual type — Charity versus social justice.

The co-existence in human nature of the traits which are ordinarily called humanity and cruelty appears to be a strange anomaly. This anomaly manifests itself in many different forms in individual cases and at different times and places. The savage may display the most inexorable cruelty towards all human beings not belonging to his own small social group, and yet show the tenderest regard for his own offspring. The criminal may murder his victim in cold blood, and yet devote a loving care to an animal pet. The peoples of modern civilized nations are displaying much concern over the welfare of the poor, and yet with the utmost readiness rush into wars with each other which cause untold suffering and loss of life.

### Instinctive and Affective Causes of Humanity and Cruelty

This apparent anomaly can be explained only on the basis of the evolution of human nature in general. In the course of this evolution there have developed certain characteristics which seem incompatible with each other. Thus there are, on the one hand, certain traits which promote the preservation of the individual. These include the aggressive tendencies which aid the individual in defending himself and impel him to prey upon

others. By some psychologists these aggressive tendencies are grouped under the head of the instinct of pugnacity or the combative instinct, and the affective state which ordinarily accompanies it is the emotion of anger. Furthermore, the sexual and the parental instincts may impel the individual to commit aggressive acts against those who attempt to thwart his desires.

On the other hand, certain other traits impel the individual to perform acts which promote the welfare of the species. Thus the sexual and parental instincts and their accompanying states of feeling impel the individual to do things for the persons toward whom those instincts are directed, and in these acts we find the germs of altruism. It is believed by many that there are also social instincts which impel individuals to do things for their fellows, apart from the sexual and parental relationships. It is doubtful if there is any distinct social instinct, but a number of traits make man social.

We have not the space here to describe and analyze in detail the numerous instincts and feelings which play a part in causing humanity and cruelty, or to analyze the complex forms in which these traits become combined with each other.[1] Nor can we discuss the indirect and therefore unexpected and sometimes abnormal ways in which these traits lead sometimes to humanity and at other times to cruelty.[2] But it is evident that these traits are fundamental in human nature, and will therefore always remain as permanent forces for humanity and for cruelty. We must now turn to another aspect of human nature, which plays an important part in the causation of humanity and cruelty.

## Intelligence and the Sympathetic Imagination

The intellect is a factor sometimes for humanity and sometimes for cruelty. The foresight which intelligence makes pos-

[1] The literature of modern psychology contains many data with regard to the instincts and feelings. The present writer has discussed these traits at some length in his book entitled *The Science of Human Behavior, Biological and Psychological Foundations*, New York, 1913.

[2] For example, the sexual instinct rouses in some individuals the sadistic impulse to inflict pain upon others, while in other individuals it rouses the masochistic desire to have pain inflicted upon one's self.

sible may lead the individual to do injury to others, in anticipation of thereby gaining something for himself. Or it may lead him under other circumstances to perform services for others, where such benevolence will probably redound to his own benefit. Furthermore, the intelligence makes possible the sympathetic imagination which enables the individual to recognize the suffering of others as akin to the pain which he himself sometimes experiences. This recognition usually gives rise to a feeling of discomfort which may inhibit him from inflicting pain upon others or may destroy the callous indifference with which he would otherwise regard suffering in others, and may lead him to take active measures for the relief of those in pain.[1]

These instincts and feelings and intelligence have existed in man since the origin of the human species, so that men have always displayed these tendencies towards cruelty, on the one hand, and towards humanity, on the other hand. We have not the space here to trace the development of humanitarianism in the past. But the historical data which we possess show that the degree and kind of humanitarianism at any time and place have depended upon many circumstances, such as the physical environment, the amount and kind of knowledge possessed by the community, the prevailing moral ideas and religious beliefs, the relation of the community to other communities, and many other circumstances.

Furthermore, history seems to indicate that as a general rule humanitarianism has broadened its scope and has extended over a wider range as the social group has increased in size in the course of social evolution. Thus the humanity of the primitive savage was restricted entirely or almost entirely to the members of the horde or clan or small tribal group to which he belonged, while all the rest of mankind were his enemies. But as the social group expanded so as to become in course of time national and to a certain extent international in its scope, the humanitarian interests of mankind extended their range in similar fashion. This is to be explained on the basis of the function of the intelligence described above. As the group increased

[1] According to some students of the subject, all humanitarianism, and indeed all morality as well, has grown out of sympathy. For an extreme form of this theory see Alex. Sutherland, *The Origin and Growth of the Moral Instinct*, London, 1898.

in size, the interests of the individual coincided with an ever-increasing number of individuals, thus leading the individual to regard the interests of these individuals as his own. Furthermore, this increase in the size of the social group increased the number of individuals of whom the individual had knowledge and whom he recognized as being of the same kind as himself, thus extending greatly the range of his sympathetic imagination.

On the basis of the forces and circumstances which have been stated can doubtless be explained all the changes which have taken place in the past in the character and extent of humanitarianism. If we had the space, it would be interesting and profitable to discuss the causes of the manifestations of humanitarianism in ancient Greece and Rome, in India, in China, and at many other times and places. But it is essential that we devote some attention to the causes of the great modern humanitarian movement, for otherwise it is impossible to understand the efforts being made to relieve and abolish poverty and its attendant evils.

## Recent Increase of Humanitarianism

We have an abundance of evidence that humanitarianism has extended greatly in its range during very recent times. We need not go back more than a century in the Occidental world to find that the criminal was being treated with much greater severity than at present, that there was little general interest in the welfare of the poor aside from personal almsgiving, that human slavery still existed extensively, that the position of woman was much lower than it is at present, that there was little interest in the welfare of animals. During the last few decades has taken place a vast amount of social legislation to improve the condition of the working class, to lessen poverty, to ameliorate the condition of the criminal, to give better care to the sick and the insane. During the same period there have been extensive private philanthropic movements directed towards the same ends. Much has been accomplished towards placing woman upon an equality with man. There has been much effort devoted to the prevention of cruelty to animals. Much has been done by means of international agreements to regulate warfare in order to make it less cruel, and to lessen the

suffering caused by it by means of the Red Cross. There has been an extensive movement to prevent and to abolish war altogether.

This sudden rise of humanitarianism in recent times has been a most remarkable phenomenon. At first sight it may be difficult to discern why it should have taken place, and various explanations for it have been offered, the principal ones of which we will consider.

It may appear as if this phenomenon was due to a sudden change in human nature which made man much more humane than he had been. This explanation has been offered by a few writers who have discussed the matter. Perhaps the ablest presentation of this view has been made by Sutherland. This writer has argued that a process of selection has taken place which since the Middle Ages has eliminated the unsympathetic types and has increased greatly the amount of sympathy in human beings.

Stated in his own words his theory is as follows: — "It is, I am convinced, an actual systemic change which has been the cause of the great development of sympathy in the past. A man fairly typical of the modern standard of sympathy would rather have a hand cut off than that any person should be killed by his fault. One of our ancestors of 1,000 years ago would without compunction have slaughtered thirty persons to save his own hand. If we analyse the motives, we find that they are in no way concerned with justice or righteousness, what we have been told by others or what we have reasoned out for ourselves. Our reluctance to cause the death of another is based on certain instinctive aversions, which were much less developed among our ancestors." [1]

His explanation of the causes of this change in the constitution of man is as follows: — "The clever, but heartless fellow, has a less chance of ultimate success and eventual representation in posterity than one less clever but better equipped with those qualities which win friends, gain a wife's devotion and foster a family's happy affection. So, too, with nations. If the prevailing type be crafty but selfish, the strength of a people will dissolve in distrust and disunion. Simpler folks, welded by ardent patriotism, secured within by the prevalence of a sincere and unaffected friendliness, and pursuing their honest paths in multitudes of homes that are full of family devotion, will have better prospect of ultimately prevailing.

[1] *Op. cit.*, Vol. II, p. 4.

It may seem fantastic to assert that within historic times actual physiological differences of nerve structure can have developed in the race. Yet it is a sober fact, though demonstrable as yet by only indirect proofs." [1]

But this explanation is far from convincing. In the first place, adequate reasons are not given to explain why this selective process did not take place many hundred if not thousands of years before the time when Sutherland alleges it took place. In the second place, even if we grant that it did take place at the time named, the growth of sympathy alone could hardly account for the great rise of humanitarianism, for, as we have seen, various factors in addition to sympathy play a part in causing humanitarianism.

We have not the space to review all the data which are of significance with respect to this question. But they indicate that the changes in the instinctive, affective, and intellectual traits of man have been too slight during the last few centuries, and, for that matter, millenniums, to account for so great a movement as the modern humanitarian movement. So that we must look elsewhere for an explanation of this movement.

### Christian Theory of Humanitarianism

Another explanation of the modern humanitarian movement, which is perhaps the most widely believed, is that it is due to religion and to the Christian religion in particular. The first thought that this theory naturally suggests is that religion has been in existence for several thousands of years at least and the Christian religion for nearly two thousand years, while the modern humanitarian movement dates back only a couple of centuries or so. The supporters of this theory are in the habit of at once replying to this objection to their theory that the circumstances were not suitable for Christianity to manifest its humanitarian influence until recently. But it is obvious that in replying thus they are at once relinquishing most of their theory, for they are admitting that other factors were involved in the causation of the modern humanitarian movement, and these factors may have been much more potent than Christianity.

[1] *Op. cit.*, Vol. II, pp. 4–5.

When we review the historical data with respect to this question, we can readily discern that Christianity has been a force both for and against humanitarianism. In this respect it has been like most if not all other religions. In the first place, it must be noted that the attitude of mind required by every religious faith is such as to make impossible the most thoroughgoing type of humanitarianism, and therefore religion will always be to a certain extent a force against humanitarianism. This is because a religious faith requires an unquestioning belief in its doctrines, and demands that they be set above other truths as being of a sacred character. Partly for this reason religious ideas are usually held by believers with a high degree of emotional intensity, and differences of religious belief frequently serve as a serious barrier between individuals and groups, because of the emotional conflict which they bring about. It goes without saying that other ideas as well are held with much emotional intensity by individuals and by groups, but this is peculiarly true of religious ideas, because these are regarded as of supreme importance by those who believe in them.

We can illustrate this point best by comparing religion with science. It is true that a scientist may hold a scientific idea with a degree of emotional intensity which equals the fervor of the religious believer. But that is an individual peculiarity, and the spirit and method of science is such that no idea is held as sacred. On the contrary, every scientific idea, however firmly established, may be attacked and overthrown. Consequently the mental attitude encouraged by science is such as to permit of free intercourse without restriction between all parts of mankind, while the mental attitude not only encouraged but positively required by religion will always serve as a barrier to the most highly developed and most extensive form of humanitarianism.

On the other hand, most if not all religions have taught certain doctrines which have had a humanitarian influence, and this has been true of Christianity. And it goes without saying that by Christianity we mean the set of religious beliefs and practices which from time to time and from place to place have been called Christian. This historical Christianity is the only one which is of importance for the interpretation of social evolution; so that the beliefs of the person after whom this religion

was named, or of any other individual, are of no importance for our purposes.

Christianity has exerted an influence for humanitarianism principally through two of its doctrines, namely, the doctrine of the sanctity of human life, and the doctrine of universal brotherhood.[1] It is hardly necessary to state that neither of these doctrines was original with Christianity. The doctrine of the sanctity of human life is based upon the idea of an immortal soul possessed by every human being, and this idea has been held not only by many of the more advanced religions but is to be found among the religious beliefs of many primitive savages. It indeed constitutes one of the primitive animistic beliefs. The doctrine of universal brotherhood had also been held by various individuals and religions before Christianity. But coming as a new religion into the pagan world at an opportune time it emphasized these ideas in a fresh manner and probably was a force for humanitarianism for a time.

Unfortunately the religion had not been in existence more than two or three centuries before asceticism began to play an important part in it, and has ever since remained a malignant force against humanitarianism. It has been such a force because it attempted to suppress the normal place of sex in human life. Consequently it lowered the position of woman,[2] and has done

[1] *Cf.* W. E. H. Lecky, *History of European Morals from Augustus to Charlemagne*, New York, 1877, Chap. IV.

[2] It goes without saying that the position of woman was none too high previous to Christianity. But there is a good deal of historical evidence to indicate that the effect of the new religion, (owing largely to the teachings of St. Paul), during the first few centuries of the Christian era at any rate, was to make woman's position somewhat lower than it then was in Rome and in other parts of the ancient civilized world. This opinion is expressed by an English clergyman in the following words: —

"It is a prevalent opinion that woman owes her present high position to Christianity, and the influence of the Teutonic mind. I used to believe this opinion, but in the first three centuries I have not been able to see that Christianity had any favourable effect on the position of woman, but, on the contrary, that it tended to lower their character and contract the range of their activity." (Principal J. Donaldson, *The Position of Woman Among the Early Christians*, in the *Contemporary Review*, Sept., 1889, p. 433.)

An eminent sociologist explains the outburst of asceticism which led to this lowering of woman's position in the following words: —

"During the first four centuries Christians believed that the world was about to perish. Evidently this belief affected the whole philosophy of

much to destroy the joy of living for many human beings by encouraging puritanical ideas and practices.

Then the religion became highly organized in the form of a church, and for more than a thousand years the pages of its history were blackened by the incredible inhumanity of its wars, crusades, and persecutions, and by its stupid and brutal opposition to the higher forms of culture. Not even the partisans and apologists of the Christian Church have been able to deny, where they have been at all fair-minded, that during this dark and bloody period it was a powerful force against humanitarianism. Christianity then took the form of a strong and militant religion at its worst, carrying its doctrines at the point of a sword. During this period it applied its doctrines of the sanctity of human life and of universal brotherhood only to Christians, and not always even to them.

With the coming of the Renaissance, which was itself a reac-

life. Marriage lost sense and the procreation of children lost interest. This may be seen in I *Cor.*, Chap. 7. It also helps to explain the outburst of asceticism and extravagant behavior such as the renunciation of conjugal intimacy by married people." (W. G. Sumner, *The Family and Social Change*, in the *Am. Jour. of Sociology*, March, 1909, p. 585.)

Westermarck, in his masterly treatise on the evolution of moral ideas, describes how during the Roman Empire marriage was placed upon a contractual basis, thus giving married women much personal liberty. He then indicates how the influence of the Christian doctrine with respect to women destroyed this liberty in large part. (See *Ephesians*, v. 22 *sqq.* and 28; I *Peter*, iii, 5 *sqq.*; I *Corinthians*, xi, 8 *sqq.*; I *Timothy*, ii, 11 *sqq.*) He states that the influence of this doctrine has persisted down to the present day: — "It is difficult to exaggerate the influence exercised by a doctrine, so agreeable to the selfishness of men, and so readily lending itself to be used as a sacred weapon against almost any attempt to extend the rights of married women, as was this dictum of St. Paul's. . . . And in more modern times Christian orthodoxy has constantly been opposed to the doctrine which once sprang up in pagan Rome and is nowadays supported by a steadily growing number of enlightened men and women, that marriage should be a contract on the footing of perfect equality between husband and wife." (E. Westermarck, *The Origin and Development of the Moral Ideas*, London, 1906, Vol. I, pp. 654–5.)

By making of marriage a sacrament, and by its opposition to divorce, Christianity has caused women an enormous amount of injury. It may be added that by so doing it has also caused many men a vast amount of misery.

If Christianity has benefited women at all in modern times, it has been only in so far as it has aided the humanitarian movement in general, and not through any partiality for women on the part of this religion.

tion against Christianity, and the beginning of the modern period, the church and religion fortunately lost their dominant position in the Occidental world. Since that time the humane forces in the religion have had more of a chance to exert some influence, though the Christian opposition to humanitarianism still retains more or less strength. But these humane forces within the religion were quite incompetent to cause the great modern humanitarian movement.

### Ethical Theory of Humanitarianism

Still another theory as to the causes of the modern humanitarian movement, which has been held by a few, has been that certain moral ideas came into existence and attained currency, and this movement followed as a consequence. It is obvious that this theory is similar to the religious theory we have just discussed, and that much the same objections may be made to it. In the first place, it is evident that these moral ideas are not at all new. It is only necessary to mention such names as those of Seneca, Marcus Aurelius, Plutarch, and Epictetus to indicate that these ideas were known to the ancient world. And yet they did not give rise to a humanitarian movement at that time. In modern times, notably in the eighteenth century, these ideas reappeared in the form of a system of humanitarian ethics and had a great deal of influence. But apparently the circumstances had changed and other forces were at work for humanitarianism, so that it is hardly accurate to attribute this movement entirely to these ideas.

### The Evolution of Modern Humanitarianism

Let us now turn to the true causes of this movement. These causes may be readily discerned if we consider the salient features of modern history. The modern period dates from the Renaissance, with its revival of the classic culture of ancient Greece and Rome, and its renascence of art and learning. This renascence of learning marked the beginning of the development of modern science, which made possible the great economic changes of modern times. At the same time were being carried on extensive explorations to all parts of the world, which re-

sulted in the discovery of the Western Hemisphere and in a great expansion of commercial relations. These explorations also resulted in the colonizing of many parts of the world by Europeans.

In the eighteenth century began the great industrial revolution, which substituted machine and factory methods of production on a large scale for the hand and domestic methods of production on a small scale of the past. This great change involved a vast extension of the principle of the division of labor within the process of production. Furthermore, with the aid of international commerce it meant a worldwide extension of the division of labor, which increased greatly the interdependence of all parts of the world.

Along with this expansion of the division of labor took place a great increase in the range, facility, and rapidity of the means of communication through the steamship, railroad, telegraph, telephone, post office, press, etc. By these means the different parts of the world have been put in touch with each other, and have come to know each other to an extent which was utterly impossible in ancient times.

Last but not least, there was taking place at the same time the development of modern science, to which I have already referred, and which was to a large extent the cause of the above-mentioned changes. In the nineteenth century came the theory of evolution, which showed the common origin of the whole organic world including man. When this theory was applied in anthropology, it showed that, just as there is no absolute distinction between man and other animals, so there is no absolute distinction between the different races of men. When this theory was applied in sociology, it showed the fundamental unity in the culture which has been developing in the course of social evolution.

The significance of these great changes for humanitarianism is evident when we consider them in the light of the discussion in the first part of this chapter. The increasing interdependence of the different parts of the world made it more and more evident to individuals and to social groups that it was to their interest to concern themselves with the welfare of others. Furthermore, the knowledge acquired with regard to other individuals and social groups, through the means of communication described

above and through science, has shown the fundamental similarity of humanity, and has stimulated the sympathetic imagination to a high degree. These ideas and this knowledge have naturally tended in the main to stimulate the humane feelings and impulses in the relations of men and of social groups, and to inhibit the cruel feelings and impulses. Thus these fundamental human traits, which have been in existence a long time, are being influenced by the intelligence, under the social conditions which have evolved during the past few centuries, in the direction of humanitarianism.

This is an example of the familiar psychological phenomenon of feelings and instinctive impulses being directed and to a certain extent controlled by ideas. It is through such combining of the different parts of the mental makeup that are formed the sentimental complexes which play so important a part in the life of man. Owing in the main to the events and conditions which have been described, the prevailing sentiments of the day are humanitarian. But the same psychological process is also displayed in the opposite direction. Where individuals or groups are led to believe that their interests conflict and that they are not alike, neither self-interest nor sympathetic imagination will establish humane relations between them, but their attitude towards each other will be either that of callous indifference or of hostility and hatred. It goes without saying that this situation frequently arises and will always exist to a certain extent, since the instincts and feelings out of which it arises will always persist in human nature. Thus when two classes regard their interests as conflicting and are not well acquainted with each other, they will regard each other with dislike if not with hatred, and are very likely to arrive at open hostility. If they are economic classes, the upper class will regard the lower class as stupid and indolent, while the lower will believe that the upper is consciously exploiting it.

The same situation frequently arises between nations. Owing to ignorance of ethnological data, the tendency is to exaggerate the racial differences between nations. This is well illustrated in Europe today. All the nations of Europe are very heterogeneous ethnically, and certain ethnic elements are represented in many of these countries. And yet it is the prevailing belief in each of these countries that the nation is ethnically pure or

almost pure, and is quite distinct from every other nation. This mistaken belief does not encourage the sympathetic imagination. Furthermore, these nations are very prone to regard their interests as conflicting, so that it is still deplorably easy for them to go to war with each other. Then, when war breaks out, the inhibitions upon the cruel tendencies in man disappear to a large extent, and hatred of the enemy becomes more or less general, while those actually engaged in warfare may be guilty of atrocities which are utterly incompatible with the humanitarian standards in accordance with which they themselves ordinarily act.

The above discussion has been a very brief analysis of the principal causes of the modern humanitarian movement. Many minor causes have not been mentioned for lack of space. But it must now be evident how important it is to understand the causes of this movement, if practical measures are to be taken to further the movement. If the religious theory mentioned above is correct, the principal and perhaps the only measure to be taken is to preach religion. If the moral theory mentioned above is correct, the principal and perhaps the only measure to take is to deliver lectures on ethics. But if our theory is correct entirely or in the main, then to talk about peace will not prevent war, and to tell the economic classes to love one another will not abolish industrial warfare. According to our theory, the only effective measures in the long run will be those which direct the forces of industry, commerce, and science in such a fashion as to make the interests of individuals and of social groups as nearly alike as possible, and the educational measures which will disseminate the kind of knowledge described above. And in this connection it is well to remember that many ideas which circulate as religious or as moral ideas, or sometimes in both forms, did not originate as such, but came from science, or arose out of the conditions which have been brought into being by economic and other changes. If the ideas are correct and will aid the progress of humanitarianism, they may gain currency more easily under a religious or an ethical form. But the fundamental causes of humanitarianism must never be forgotten.

The modern humanitarian movement, we can now see, has arisen out of certain human traits influenced and directed by the conditions and ideas which have become prevalent during

the last few centuries. Like every great movement it is a product of social evolution in general and can be understood only in the light of an analysis of social evolution. It is one phase of and an inevitable result from the universal world culture which is now rapidly coming into being. No unilateral theory can account for it.[1]

## Types of Humanitarians

We must now discuss briefly the principal kinds of humanitarians and of humanitarianism as an introduction to our study in the next few chapters of the humanitarian movements which are of significance with respect to the treatment and prevention of poverty.

The most spontaneous form of humanitarianism is that which grows directly out of the emotions. This is altruism of the most

[1] Many writers have proposed unilateral theories to explain the modern humanitarian movement. As a pronounced example of such a writer I might mention Benjamin Kidd. (See his *Social Evolution*, London, 1894.) This writer was at one time much in vogue, probably in the main because he catered so exclusively to the prejudices of the upper class and to religious sentiments. Kidd's central thesis is that altruism, self-sacrifice, humanitarianism, etc., are due to the "ultra-rational" sanction of religion. Indeed he carries his theory so far as to imply that society itself could not exist without this sanction. Religion, thus conceived, as a social, integrating force, he contrasts with reason, which he represents as an individualistic, disintegrating force. Throughout his discussion he displays a profound ignorance of modern psychology. His conception of the mental makeup of man seems to be that of certain of the older psychologists, who conceived of man as a purely rational being who was always impelled to act from within by purely egoistic motives and must therefore be coerced from without to be altruistic. According to Kidd this coercion comes through religion.

Now it goes without saying that man is governed largely by egoistic considerations, and none but the anarchists believe that it will ever be possible to have a society without a certain amount of social control of the individual. But we have noted in this chapter what is well known to all who are familiar with modern psychology, namely, that man possesses certain instincts and feelings which impel him to do things for others, and that altruism originates from within the man himself and not from without. Furthermore, this altruism is not to be distinguished from egoism as sharply as Kidd and similar writers are prone to do. As a general rule a mother is happier in caring for her child than in devoting herself exclusively to satisfying her own wants, the normally sympathetic individual is happier in making at least a little personal sacrifice to relieve the suffering of his fellows than in devoting himself exclusively to satisfying his own wants.

elemental sort, and is perhaps not broad enough to be worthy of the name of humanitarianism. It arises in personal relations where the individual is moved by direct observation of the needs or the suffering of another to perform services for that other person. It is pure "goodness of heart" untouched by any reflection as to the causes of the suffering, or as to the consequences from the services rendered. It is evident that this form of humanitarianism is very limited in its range, and is directed merely at the superficial appearance of the needs or suffering.

A less spontaneous form of humanitarianism is the sentimental type in which the altruistic tendencies become associated with ideas, in such a fashion as to inhibit them in certain directions and to reënforce them in other directions, so that they display a lack of proportion which sometimes becomes grotesque. This sentimental type may arise out of temperamental traits, ignorance, early training, circumstances of life, etc. Thus religious or moral ideas may lead the individual to inhibit altruistic tendencies towards those who are alleged to be immoral. An individual will be led, frequently quite unconsciously, by considerations of self-interest, to exaggerated efforts in behalf of those with whom his interests are identified or are supposed to be identified, but will be blind to the needs of those whose interests are opposed or are supposed to be opposed to his interests. Various fortuitous circumstances may lead an individual to develop his altruistic tendencies in an extreme form along narrow lines to the exclusion of other forms of altruism.

Many examples of this sentimental type may be cited with all the inconsistencies and excesses which it includes. A manufacturer may contribute heavily to foreign missions, being moved to do so in part by altruistic motives, and yet overwork the men, women, and children in his factory. A clergyman may preach the duty of philanthropy to the poor, and yet underpay the servant in his own household. An anarchist may agitate against capital punishment for murderers, and yet kill innocent people with a bomb. A woman may make life miserable for the members of her family, and yet work actively for the prevention of cruelty to animals. Various extreme forms of this sentimental type make their appearance, as, for example, when philozoism takes the form of vegetarianism, or the still more extreme form of anti-vivisectionism.

The most highly evolved and broadest form of humanitarianism is the intellectual type, in which the altruistic impulses are directed and controlled by ideas. In this type an extended knowledge of mankind stimulates the sympathetic imagination to the highest degree, and every humanitarian measure is undertaken on the basis of a careful study of its ultimate effect upon the welfare of mankind. This is the least spontaneous type in the sense that the response to the altruistic impulses is not immediate, but these impulses may nevertheless be quite as strong in this type as in the others.

It goes without saying that no individual represents any one of these types perfectly. But humanity may be divided roughly into these three groups with respect to humanitarian traits. Every one is acquainted with simple-minded, good-hearted persons who are helpful and kind to those within their own circle, but who know little of and have no interest in the vast majority of mankind who do not come within their own personal experience. Their philanthropy is likely to take the form of personal almsgiving, and while they may succeed in aiding in the minor matters of life they are not likely to accomplish much with respect to the more important matters. It is obvious that these individuals represent the emotional humanitarian type. The sentimental type is abundantly represented in organized philanthropic movements, in religious circles, and in certain kinds of reform movements. The intellectual type is by far the rarest, and is frequently hard to distinguish. He is found perhaps most frequently in social movements of a fundamental sort. But he is also to be found in scientific, literary, artistic, educational, and other kinds of work where the relation of his work to the humanitarian movement and its influence upon that movement are not obvious at first sight. For example, it is interesting to note to what extent the humanitarian spirit of this highest type is now represented in science. In biology this is perhaps best illustrated by the development of eugenics. In the social sciences it is indicated by the great extent to which economics, which Carlyle, who was a sentimental humanitarian of his day, called the "dismal science," is concerning itself with problems of human welfare.[1]

[1] This is illustrated by such books as Pigou's *Wealth and Welfare*, Hobson's *Problems of Poverty* and *Work and Wealth*, the Webbs' *Prevention of Destitu-*

These types of humanitarianism may also be traced roughly through the many kinds of humanitarian activities. The emotional type is perhaps best represented by personal almsgiving. The sentimental type is represented in organized charitable work, and in much of the reform work. The intellectual type is represented in certain far-reaching social movements, and in many other kinds of activity where it is difficult to distinguish it. It is noticeable that the spirit of the first two types is what is ordinarily called philanthropic. In passing to the third type the spirit changes somewhat, and while it is still philanthropic in the sense that it is interested in human welfare, it becomes what is ordinarily called a spirit of social justice. In this spirit the endeavor is made to benefit all of mankind, and not to benefit one group in such a manner as to do injury to any other group.

We have not the space to describe at length the groups of humanitarians as they are found in society today. But we shall have occasion to refer to some of them in the course of the remainder of this book. We shall find the humanitarian spirit at work in many of the movements for the amelioration and prevention of poverty.

*tion*, Money's *Riches and Poverty*, Hollander's *Abolition of Poverty*, Watkins' *Welfare as an Economic Quantity*, and many similar books by economists.

## CHAPTER XVIII

# THE NATURE OF PHILANTHROPY

Philanthropy among primitive peoples — Historical evolution of philanthropy — Religion and philanthropy.

The term "philanthropy" may be used in a very broad sense, so as to include any act inspired by love for one's fellow-being. But in this book we shall use it in the narrower, more technical sense in which it is commonly used, namely, to denominate only those acts which are performed voluntarily for the poor and dependent, some of whom are incapacitated in every way from caring for themselves.[1] In the truest sense of the word philanthropy is private and personal in its character. But the term is generally applied also to similar aid rendered by the state, so that we shall discuss public as well as private philanthropy.

### Philanthropy among Primitive Peoples

We shall be able to touch only briefly upon the history of philanthropy. Observations of savage and barbarian peoples seem to indicate that there is very little if any philanthropy in this technical sense to be found among these peoples. To begin with, the classes of individuals towards whom philanthropy is directed are almost entirely missing. There are few dependent children, aged, defectives, unemployed ablebodied adults, etc., to be found among these peoples. The reasons for this situation are not far to seek. In the first place, natural selection acts much more rigorously among these peoples than it does in the higher stages of culture. The difficulties and

[1] An historian of English philanthropy has defined philanthropy somewhat vaguely in the following words: — "The greater part of philanthropy may be said to consist in contributions of money, service, or thought, such as the recipient has no strict claim to demand, and the doer is not compelled to render." B. Kirkman Gray, *A History of English Philanthropy*, London, 1905, p. IX.

privations of savage and barbarian life carry off the aged, the weakling children, the deaf, the dumb, the blind, the crippled, the feeble-minded, etc., more freely than happens under the ameliorated conditions of civilization.

In the second place, a more or less extensive system of artificial selection is carried on among many of these savage and barbarian peoples. Infanticide has been widely practised even among some of the civilized peoples; such as the ancient Romans, and the Chinese at a recent date. The primary object of infanticide has almost always been to restrict the growth of population. It was the precursor of abortion and the prevention of conception, which are more economical and more humane methods of attaining the same ends. By serving to lessen the pressure of population upon the means of subsistence, infanticide doubtless acted as a considerable force against poverty and dependency. But infanticide must also have acted as a selective force, because, as a general thing, the weakling and defective infants were more likely to be put to death. Sometimes the infanticide was directed against the females, because the males could contribute more to the preservation and welfare of the social group; but even in such cases the tendency would naturally be to eliminate the weakling female infants. Parricide and the putting to death of the aged in general has also been extensively practised. By this means another group of the infirm was eliminated.

In the third place, certain types of dependents could not very well exist among primitive peoples. Perhaps the best example of this is the ablebodied unemployed. In a primitive society the economic life of the group is usually somewhat communistic. All the members of the group share more or less equally in the economic activities of the group, and no one is any less employed or any more unemployed than any one else. But even if the economic life is not communistic, but is individual or familial in its character; each person can own the means of production, which are few and simple, and therefore has as good a chance as any one else, so far as that factor in production is concerned. But in our modern system of production it is usually impossible for the worker to own the means of production; while even if he does own them, he must be able to exchange his products for those of others, if he is to make a livelihood. If, owing to gen-

eral economic conditions, he is not given an opportunity to use the means of production, or to exchange his own products for those of others; he is unable to make a livelihood, and must therefore starve or become dependent upon others. The primitive man may also fail to make a livelihood, but is then usually eliminated by a process of natural selection.

Such practices as infanticide and parricide, as well as the mutilation of enemies, cannibalism, etc., suggest that savages and barbarians are lacking in humanity. This is true in part. The sympathetic imagination of these peoples is very little developed. Ideas with respect to the value of human life are not prevalent among them. Their esthetic nature is not sufficiently developed to react against cruelty. And yet it is not to be assumed that they are lacking in the innate traits which, as we have seen, furnish the fundamental basis for altruism and humanitarianism. On the contrary, parental and filial affection is frequently displayed. The social characteristics are more or less fully developed within the group. Sometimes hospitality and generosity are shown to the stranger as well. But the pressure of circumstances forces upon them such practices as infanticide and parricide, and these are frequently justified on religious and moral grounds. Cannibalism is practised in part at least on account of certain religious and magical ideas, as, for example, that the eating of the body of an enemy will give the cannibal the strength of his enemy. So that these practices are due only in part to cruelty.

## Historical Evolution of Philanthropy

As civilization began to develop the sympathetic imagination grew stronger, partly because the social group was increasing greatly in size, and ideas with regard to the value of human life began to have some influence. Owing partly to these factors, the dependent and defective classes were not eliminated to the extent that they were under savage and barbarous conditions.

As Sutherland has expressed it: — "In civilised races there appears, along with increasing comfort and fulness of life, a body of very evident misery which we are too apt to consider as having been called into existence by civilisation, whereas it has only been prevented by

civilisation from being crushed out of existence. For the play of human sympathy helps to keep alive all those various forms of incompetence which in the savage state would most assuredly be ruthlessly destroyed. Thus sympathy, as it grows, provides food for its own further activity, and we find that in all the lower civilised races the practice of almsgiving tends to flourish and to fill the land with crowds of those who, but for it, were doomed to an early disappearance. The blind, the dumb, the deformed, the idiotic, the imbecile, the incompetent, the incorrigibly lazy are preserved, when, but for sympathy, they would have been eliminated." [1]

But this change was due in part also to the decrease in the privations and dangers of human life, and to the increase in the amount of wealth which could be produced by society; two changes which relieved the rigor of both natural and artificial selection. Furthermore, the development of individual property rights and of a highly organized economic system brought into being the class of those who are, so to speak, economically disinherited, because, since they inherit nothing, they are put at a great disadvantage in competition with the few who do inherit, and because they are frequently denied the opportunity to earn a living, owing to the fortuitous workings of the existing economic system.

Hence it was that, as organized society developed, more and more provision had to be made for the dependents and defectives.[2] If we had the space, it would be possible to furnish some

[1] A. Sutherland, *The Origin and Growth of the Moral Instinct*, London, 1898, Vol. I, p. 400.

[2] The literature on the history of philanthropy is very extensive, and I can mention only a few works. Three histories written from a Catholic point of view are, F. de Champagny, *La charité chrétienne dans les premiers siècles de l'église*, Paris, 1854; A. Monnier, *Histoire de l'assistance publique dans les temps anciens et modernes*, Paris, 1866; L. Lallemand, *Histoire de la charité*, 5 vols., Paris, published at irregular intervals beginning with 1902.

An excellent, brief treatment from the Socialist point of view is, P. Lafargue, *La charité*, Paris, 1904.

The following are localized works, Yu-Yue Tsu, *The Spirit of Chinese Philanthropy*, New York, 1912; B. Kirkman Gray, *A History of English Philanthropy from the Dissolution of the Monasteries to the Taking of the First Census*, London, 1905.

Some historical data are to be found in, E. Vaudin-Bataille, *Histoire de la charité jusqu'en 1789*, Paris, 1896; A. Weber, *Les misèreux*, 3 vols., Paris, 1913; and in Lecky's and Sutherland's works which have been cited in this chapter.

data with regard to philanthropy among the ancient Chinese, Indians, Egyptians, Jews, etc., while there is an abundance of data with respect to philanthropy among the ancient Greeks and Romans. Especially extensive was the system of public assistance in Rome. And it is important to bear in mind that philanthropic measures were sometimes disguised under other forms.

Lecky points this out when he is comparing Pagan with Christian philanthropy in the following words: — "The difference between Pagan and Christian societies in this matter is very profound; but a great part of it must be ascribed to causes other than religious opinions. Charity finds an extended scope for action only, where there exists a large class of men at once independent and impoverished. In the ancient societies, slavery in a great measure replaced pauperism, and, by securing the subsistence of a very large proportion of the poor, contracted the sphere of charity. And what slavery did at Rome for the very poor, the system of clientage did for those of a somewhat higher rank. The existence of these two institutions is sufficient to show the injustice of judging the two societies by a mere comparison of their charitable institutions, and we must also remember that among the ancients the relief of the indigent was one of the most important functions of the State. Not to dwell upon the many measures taken with this object in ancient Greece, in considering the condition of the Roman poor we are at once met by the simple fact that for several centuries the immense majority of these were habitually supported by gratuitous distributions of corn. . . . In the time of Julius Cæsar no less than 320,000 persons were inscribed as recipients; but Cæsar reduced the number by one-half. Under Augustus it had risen to 200,000. This emperor desired to restrict the distribution of corn to three or four times a year, but, yielding to the popular wish, he at last consented that it should continue monthly. It soon became the leading fact of Roman life." [1]

We can now discern in a broad way the causes of philanthropy. It arises primarily out of certain instincts and feelings which stimulate individuals to perform altruistic acts. But the extent to which these altruistic tendencies will display themselves depends somewhat upon the conditions under which these individuals are living. Sometimes these conditions will en-

[1] W. E. H. Lecky, *History of European Morals from Augustus to Charlemagne*, New York, 1877, Vol. II, pp. 73–4.

courage these tendencies, and at other times repress them. As society has become more and more differentiated into classes, and these classes become more and more interdependent upon each other, it becomes necessary to make systematic provision for certain classes and individuals who are handicapped entirely or in part from caring for themselves.

### Religion and Philanthropy

Another factor for philanthropy has been religion. Practically all of the higher religions teach the duty of philanthropy. We have not the space here to discuss how these doctrines originated, or to describe all of the differences between them. But we must note two or three of these doctrines, because of their practical importance in the past and at the present day.

Philanthropy has frequently been taught as a religious means to salvation. In Christianity the doctrine of salvation by good works has played a prominent part.

Speaking of Catholic charity Lecky says that "the new principle speedily degenerated into a belief in the expiatory nature of the gifts. A form of what may be termed selfish charity arose, which acquired at last gigantic proportions, and exercised a most pernicious influence upon Christendom. Men gave money to the poor, simply and exclusively for their own spiritual benefit, and the welfare of the sufferer was altogether foreign to their thoughts." [1]

Protestant Christianity started out by putting more emphasis upon salvation by faith than the Catholic Church. But in the Protestant Church also salvation by good works has played a prominent part.[2]

[1] W. E. H. Lecky, *op. cit.*, Vol. II, p. 93.

[2] This is suggested by the following statement from a well-known Protestant religious writer: — "I give no alms to satisfy the hunger of my brother, but to fulfill and accomplish the will and command of my God." (Sir T. Brown, *Religio Medici*, Part II, 2.) It is reported that within the last few decades an Anglican prelate preached a sermon to the effect that God made the poor in order to furnish the rich an opportunity to perform their religious duty of philanthropy. (See J. G. Goddard, *Poverty; Its Genesis and Exodus*, London, 1892, p. 4.) It is not reported whether this prelate stated upon whom the poor are to practise this duty, if indeed they have such a duty.

Gray points out this motive for charity in both Catholic and Protestant Christianity in the following words: — "Catholic charity is closely connected with the doctrine of pœnitentia. The effect of almsgiving on the soul of the donor was theoretically more important than its effect on the body of the recipient. This motive for charity did not cease with the Reformation: men have continued to give of their substance to the poor in recompense or contrition for the sin of their souls." [1]

We find the same doctrine playing a prominent part in Mohammedanism because the Koran enjoins philanthropy as a sacred duty.

Consequently, as Sutherland says, "we find in Arab, Moorish, Berber, Egyptian, Turkish, Persian and Afghan life an ostentatious display of charity whose object is rather to open the gate of paradise to the giver than to minister to the comfort of the afflicted; for the Koran promises (chap. lvii) a double reward from God for all the alms that are given, and moreover great honor hereafter; whilst those who fail in this respect are to have serpents twisted round their necks on the day of resurrection (chap. iii)." [2]

Similar doctrines are to be found in Buddhism, Confucianism, and in various other religions.

It is evident that such philanthropy is not based upon altruism or humanitarianism. Furthermore, it is to be expected that such philanthropy will not be directed to any great extent toward the object of benefiting the persons aided or society at large. Such philanthropy results in a vast amount of indiscriminate personal almsgiving, and an elaborate system of church philanthropic institutions. This is why in most Catholic and Mohammedan countries the streets are filled with mendicants, and in many of the Catholic countries are to be found numerous religious asylums, hospitals, etc. The same situation exists to a lesser degree in some of the Protestant countries.

Religion has encouraged philanthropy also by using it as a means of saving the souls of others than the philanthropists themselves. It has done so by bribing, as it were, the unbelievers by means of philanthropy to be converted to the religion

[1] B. Kirkman Gray, *op. cit.*, p. vii.
[2] A. Sutherland, *op. cit.*, Vol. I, p. 401.

of the philanthropists, and thus to be saved. A great deal of missionary work has been done and is being done on this basis.

There is no doubt that some religious teachers and leaders and a few of their followers have been influenced mainly by humanitarian considerations in preaching a religious duty of philanthropy. But philanthropy which is upon a religious basis can never be humanitarian to any great extent, for reasons which are obvious. Every religion preaches doctrines and practices which are alleged to be sacred, and which if they are true doubtless transcend every other truth and practice in importance. Consequently the religious motive for philanthropy, in the eyes of the believer, must necessarily and logically outweigh any other consideration, as, for example, any humanitarian consideration. Where a religionist is apparently influenced largely by humanitarian considerations, it is usually because he is an individual of unusually generous impulses which predominate over his religious beliefs. His philanthropy may become a more or less spontaneous expression of his innate altruistic and humanitarian tendencies; but it is no longer to save his own soul or some other person's soul, or to accomplish any other religious end. And even when a religion teaches a doctrine of philanthropy in a form which is apparently purely humanitarian, it is still possible to show that it is not humanitarian at bottom so long as it remains primarily religious. For example, when Christianity teaches that philanthropy is a fraternal duty because all human beings are children of the same father, it appears to be purely humanitarian. But so long as Christianity remains a theistic religion, this philanthropy must be primarily religious and not humanitarian; for the duty must be first and foremost towards God, through whom human beings acquire a common divine parentage.

The foregoing discussion of religion as a force for philanthropy is not for the purpose of either endorsing or condemning the religious motive, such a question being outside of the scope of the present discussion. But in order to understand philanthropic work in the past and in the present, it is important to recognize the distinction between the religious and the humanitarian motives noted above. So far as the present book is concerned, we are mainly interested in philanthropy, in the first place, as a spontaneous expression of the altruistic tendencies

in man, and, in the second place, as occasioned by the evolution of a society made up of interdependent parts where certain classes need special assistance from the other groups. In this connection it may be well to call attention to the fact that certain religious arguments for philanthropy resemble very strongly arguments which are deduced from a study of the constitution of society. For example, the religious "brotherhood of man" argument is very similar to the argument which is sometimes deduced from the conception of society as a social organism. Whether the "brotherhood of man" argument is the argument deduced from the organismic theory masquerading under a religious disguise, or is a genuine religious argument, I will not attempt to say.

There is another way in which religion has been connected with philanthropy, though not directly as a motive for philanthropy. Religion has been frequently used by the ruling classes to subdue the lower classes, while philanthropy was being given to them as a sop to discourage them from attempting to better their conditions by revolutionary means. For example, Christianity has usually been taught as a doctrine of resignation with the conditions of this life and of submission and of obedience to one's nominal superiors, while the doctrine of immortality taught by Christianity, by Mohammedanism, and by many other religions has been used to minimize the importance of suffering and destitution in this life as compared with the joys of an eternal life hereafter. Indeed the poor have frequently been told that they would be repaid manifold for their present sufferings in this future life, and such teaching naturally tends to make them contented with their present condition instead of becoming discontented and protesting and struggling against such a condition.[1] Thus religion and charity have all too fre-

[1] This religious attitude of mind of requiring resignation and submission of the poorer classes is revealed by Thomas Chalmers, a pious English clergyman of the early part of the nineteenth century who wrote voluminously on the subject of charity, in the following unctuous language: —

"There is a substantial, though unnoticed, charm in the visit of a superior. There is a felt compliment in his attentions, which raises an emotion in the breast, the very opposite of that disdainful sentiment towards the higher orders of society, that is now of such alarming prevalence amongst our operative population." "Benevolence meets with much to damp and to discourage her; and, more especially, in a certain hardness and unthankful-

quently worked together for the suppression and the degradation of the working classes.

ness among its objects, which it is the direct tendency of the reigning system to engender." (*The Christian and Civic Economy of Large Towns*, Glasgow, 1821–6, Vol. II, pp. 36–7, 256.)

The evil effect of such teaching has been forcibly stated by A. Weber, one of the keenest students of the effects of charity, in the following words: —

"Comme nous l'avons vu, les idées de discipline et de hiérarchie, et surtout le sentiment religieux, avaient, pendant longtemps, empêché le pauvre de se révolter contre sa misère. Tant que la croyance à une vie éternelle n'a pas été mise en doute, la vie terrestre est demeurée au second plan. Le riche s'est facilement décidé à donner une partie de sa richesse, car ce sacrifice apparent constituait, en somme, le meilleur des placements. Le pauvre, de son côté, se résignait, car ses souffrances ne devaient être que passagères et il avait la certitude d'en être amplement récompensé. Pour tous, le but réel de la vie était au delà de la mort." (*Le problème de la misère*, Paris, 1913, p. 156.)

## CHAPTER XIX

# PRIVATE AND PUBLIC PHILANTHROPY

Types of philanthropy — The evolution of the almshouse — The inmates of the almshouse — The administration of the almshouse — The supervision of almshouses — Outdoor relief — Indiscriminate philanthropy: personal almsgiving; holiday giving; tag days; etc. — The charity organization movement — The supervision of philanthropy — Criticisms of private philanthropy — The utility of private philanthropy — Public philanthropy — Philanthropy and the prevention of poverty.

We must now survey briefly the principal philanthropic measures in use, in order to be prepared to appraise the value and effectiveness of philanthropy as one of the methods of dealing with the problems of poverty.

As we have already noted, public as well as private philanthropy is ordinarily recognized. As we shall see later, the distinction between the two, both from the point of view of political principles and of public policy, is fundamental and profound. But we shall ignore this distinction for the present, and deal with the two forms of charity as constituting in combination the existing system of dealing with dependency.

### Types of Philanthropy

The simplest and lowest form of private charity is almsgiving to mendicants, where the donor of the alms knows nothing about the circumstances and need of the mendicant. It is evident that there can be no discrimination or organization in this sort of charity, and it is never possible to estimate even approximately the extent of such charity. A little higher form of charity is where the almsgiver is acquainted with the mendicant or the poor individual or family whom he aids, and can therefore judge somewhat as to the need of this individual or family. In the past there has been an enormous amount of such personal

almsgiving, and there is still a good deal of it, especially in certain countries.

But personal almsgiving has been replaced more and more by philanthropy through organizations and institutions. Probably the earliest form of organized private charity was carried on by churches. The religions which have preached a doctrine of charity have usually secured an income, sometimes very large, through poorboxes, the payment of tithes by their members, endowments, etc., for charitable purposes. This income has been distributed by churches and similar religious organizations to individuals and families in need of relief, and to institutions founded usually for the care and support of special types of dependents.

More recently have developed the secular organizations for dispensing charity. These include societies for giving relief in general or special kinds of relief to individuals and families, institutions for special types of dependents, and, latest of all, charity organization societies founded for the purpose of organizing private charitable work in general. This last type of society we shall discuss later in this chapter.

Public philanthropy obviously could not include any personal almsgiving. It does include relief given by the state to individuals or families in their homes, and the maintenance of institutions for dependents in general or for special types of dependents. Sometimes private and public philanthropy are combined, as, for example, when the state contributes to the support of private charitable organizations and institutions. Less frequently it happens that contributions of money, commodities, or services are made by private individuals to the public charitable work.

The kinds of private and public charitable work mentioned above have usually been grouped in two main classes, namely, outdoor relief and indoor relief. By outdoor relief is ordinarily meant all charitable aid given outside of institutions. By indoor relief is meant aid given inside of institutions. We shall discuss aid given to special classes of dependents in the next chapter. In the present chapter we will discuss outdoor relief in general, and the almshouse or charitable institution for dependents in general.

## The Almshouse

The almshouse has been called by one writer "the fundamental institution in American poor-relief." [1] It has been given various names in this country, such as "poorhouse," "county infirmary," "county asylum," "county hospital," "home for the aged and infirm," etc. But whatever its name, it has always been the public institution for the care of dependents not otherwise cared for. It is interesting to note the evolution of this institution in this country, because it illustrates various things with respect to the evolution of philanthropy in general. In the early pioneer and sparsely settled communities of this country dependents were not numerous, since most of the inhabitants were young and there was an abundance of opportunities to make a living. Consequently there was little need for institutions for the care of dependents. But when a case did arise of a dependent who could not be cared for by relatives, by private charity, or in any other way, it was hardly possible in a civilized community to put this person to death or to leave him to starve to death. The custom therefore arose of farming out or boarding out such a dependent to some householder or family, the care of the dependent being paid for by the community. Later, as the community became older and more populous and the dependents became more numerous, a large building was erected for the care of these dependents. Still later in many of these communities the large building was replaced by several small buildings administered on the cottage plan, since this was found to be a better way of caring for these dependents.

It will readily be seen that the inmates of these almshouses were at first very heterogeneous. They contained dependent children and aged poor, indigent sick and ablebodied adults unable to find work, the sane with the insane, feebleminded and epileptics, etc. But in course of time special institutions for many of these classes were provided, so that there were orphanages for the children, hospitals for the sick, asylums for the insane, etc. Thus more discriminating and scientific treatment could be given to each type of dependent. Furthermore, the tendency has been to classify more carefully the dependents

[1] A. G. Warner, *American Charities*, New York, 1908, p. 195.

who have remained in the almshouse with respect to sex, color, age, health, mental and moral character, etc., thus making the life within these institutions more comfortable and more healthful for the inmates.

There has unfortunately been a great deal of maladministration of almshouses in this country, which has been fully described by many investigators. This has been due to various causes. In the first place, it has been due to the generally bad administration of public institutions in this country caused by the political maladjustment which we have discussed in an earlier chapter. But there have also been special reasons for it. In the earlier days it was customary for a community to lease out the management of an almshouse to an individual who contracted to care for the inmates at a fixed rate. The result in many cases was that the contractor, in his desire to make as much money as possible from his contract, would not give adequate and suitable care to his charges. Furthermore, there has frequently been laxness with regard to the admission of persons to the almshouse, and the discharge of inmates from the almshouse. Consequently many persons have been admitted to almshouses who did not belong there, while many have been permitted to leave who should have been kept there.

In many of these institutions no work has been provided for the inmates. It goes without saying that the aged and infirm who are not fitted for work should not be forced to do so. But many of the inmates are capable of doing at least a little work, and the means of doing so should be provided for them. Such a system of work has at least three good results. It acts as a deterrent upon applicants who do not belong in almshouses. It lessens the cost for the community of maintaining the almshouse. It makes the life in the institution pleasanter for the inmates, for complete idleness is not pleasant for most people.

Various methods of supervising almshouses have been devised, which have prevented the above-mentioned evils in many of these institutions. In some communities local boards of visitors are appointed that keep watch of the management of the local almshouses. In many counties the county court has the power of admitting persons to and discharging inmates from the almshouse, and of maintaining a supervision over the administration of the institution. In some states the almshouses are inspected

by state officials, who report any evils which they have observed. In many states there are boards of charities and correction that keep watch of the almshouses even when they have no authority over them, in order to note and if possible prevent any evils which may creep into the administration of these institutions. In a few states there are state boards which have more or less control over these institutions. In some states the legislatures have passed laws regulating the management of the almshouses.

According to the latest census figures, there were on January 1, 1910, 84,198 paupers in almshouses in the United States.[1] The almshouse (preferably under another name) will be needed for a long time to come, and perhaps always, as a haven of refuge for those who are not cared for in any other way. As one writer has said: — "So long as there shall be poor people to be cared for by public charity, a place of refuge, an asylum for worn out and feeble men and women, will probably be a necessity." [2] This will probably always be the case, even though poverty be reduced to a minimum. So that it is important that this institution be well managed.

## Outdoor Relief

It is evident that there are various kinds of outdoor relief. Almsgiving to a street mendicant is one form of outdoor relief; but an unorganized and unregulated form, which we shall discuss presently. Organized outdoor relief is carried on by church organizations, secular charitable organizations, and by the state. It is usually given to individuals or families that are temporarily dependent, owing to unemployment, illness, accident, etc. But sometimes it is given more or less permanently, as, for example, when it seems desirable to keep a family together in its own home instead of scattering its members among institutions. There has been much difference of opinion as to whether relief in homes should ever be more than temporary, many students of the subject believing that when individuals or families are permanently dependent they should be sent to institutions. There has also been difference of opinion as to whether there should be any outdoor relief whatever, some believing that it should be swept away

[1] *Paupers in Almshouses, 1910*, Washington, 1914, p. 9.
[2] Alex. Johnson, *The Almshouse*, New York, 1911, p. 1.

entirely. This belief has been encouraged by the very bad way in which such systems of relief have frequently been administered. This has perhaps been most true of relief given by church and other religious organizations. This has doubtless been due in part to the fact that such organizations are usually managed in a rather unbusinesslike way. But it has been due in large part to the fact that religious charity has usually been carried on with the ulterior motive of proselytizing.[1] Public outdoor relief in this country has also been very badly administered, owing to political corruption and inefficient governmental administration in general. The secular private organizations have doubtless been most successful up to the present time in this country in administering outdoor relief.

Owing to this bad management, outdoor relief has doubtless been a force for pauperization. It is evident that when such relief is being given out indiscriminately many who do not really need it will succumb to the temptation of taking advantage of it; and when this habit is formed some will come to depend upon it entirely, and will make no further effort to support themselves. In other cases, where there was real need, suitable assistance has not been given. As a general thing the relief has been given in the form of small doles, with little regard to the future of the individual or family being assisted.

However, the maladministration of such relief in the past does not necessarily condemn it entirely for the future. In the first place, it is hardly conceivable that it will ever be possible to dispense entirely with some form of relief. So long as unemployment, sickness, accidents, etc., continue to exist, it will be necessary to tide individuals and families over periods of insufficiency and destitution. If there is no organized system of relief to meet this need, personal almsgiving of an undiscriminating sort will be encouraged, more persons will be pushed down

[1] *Cf.* E. T. Devine, *Principles of Relief*, New York, 1904, pp. 75–6. "One of the chief concerns of the church organization as such is to hold the allegiance of those already affiliated with it, and to secure the adhesion of others. It is only in rare instances that a relief system under the control of the church or auxiliary to it can be carried on with efficiency and success. There is no reason to expect that strict observance of correct principles of relief will invariably promote the religious objects recognized by the churches, or that church membership can be increased or maintained, under existing conditions of sectarian divisions, by a legitimate use of relief funds."

into a state of permanent pauperism, mendicancy will doubtless increase, and crime is very likely to increase. It is true that as great evils as these may be caused and perhaps are being caused today in some places by bad systems of relief. But effort should be directed towards eliminating these evils by improving the methods of relief..

## Discrimination in Philanthropy

The first thing to be done is to introduce discrimination into philanthropic methods. Though this has already been accomplished to a certain extent, as I shall indicate presently, there still exists a good deal of indiscriminate giving. It is obvious that practically all almsgiving to mendicants is indiscriminate, because it is almost always impossible for the almsgiver to know anything about the condition of the mendicant. The almsgivers may be divided into at least three groups. The first is of those who give as a religious duty. The second is of those who give because they are goodhearted, but simple-minded and therefore shortsighted; and who give consequently because their sympathies are aroused by the apparent destitution of the mendicant, but who do not stop to consider the probable effects of their alms. The third is of those who regard the mendicants as the victims of society, and who regard the organized charitable societies that exercise discrimination as the agencies of the capitalist class. They therefore give in order to show their sympathy with the victims of society and their contempt for the charitable organizations.

We have already discussed the motives of the first group of almsgivers, and have repudiated them. But we may sympathize with the generous impulses of those in the second class, and agree to a considerable extent with the ideas of the radicals who constitute the third class; and yet not approve of their indiscriminate giving. Many of the mendicants on city streets are drunkards. There is no occasion to judge them on moral grounds. A few of them are drunkards because they were born with a nervous system which is pleasantly stimulated by alcoholic beverages. Some have become drunkards as a result of illness. Many of them have tramped the streets for weeks and months in search of work, and as a result of the discouragement caused by their

failure to find work have sought relief in drinking. But however little to blame they may be for their condition, to give them money in the street is almost certain to aid in their further degradation, and to contribute to the liquor traffic which is the cause of a vast amount of suffering and pauperism.

Other forms of indiscriminate giving which still exist are charitable gifts of all kinds at holiday seasons by persons many of whom forget the poor the rest of the year, contributions on tag days as a result of the promiscuous solicitation of gifts from persons many of whom know nothing about the charity to which they are contributing, endless chains, the selling of stamps, etc.

Generally speaking, indiscriminate philanthropy makes new recipients of charity by tempting many who are now self-supporting to apply for relief, and encourages old recipients who might become self-supporting to remain in their pauperism. It has frequently happened that a family which has been helped to regain self-support by the agents of organized charities has fallen back into a state of dependency at a holiday time, when it has been given an abundant opportunity to receive charity. Indiscriminate giving also has a very bad effect upon the givers, because it encourages in them the thoughtlessness which led to such giving. So long as a person gives in such a fashion, he is not likely to think seriously with regard to the underlying causes of the poverty and mendicancy which he witnesses. In the last place, indiscriminate philanthropy stands in the way of preventive measures, because it dissipates energy and money which might be devoted to such preventive measures, and because it increases the amount of pauperism.

However, a good deal has been accomplished in recent years to make philanthropic work discriminating. At least three causes for this can be mentioned. Doubtless the most important of these is scientific research, which has revealed the evil effects of indiscriminate charity and has thrown much light upon the true causes of poverty. The application of the statistical method to the study of social phenomena has aided greatly in accomplishing this result. Largely as a result of this scientific research the importance of preventive measures is now appreciated far more than in the past, and this tends to minimize the importance of philanthropic work in general, and to emphasize the importance of discrimination in charity in order to prepare the way for

preventive work. In the third place, the improvement of business methods in general has doubtless had its influence upon charitable work by furnishing charitable workers the means of carrying on their work in a more orderly manner, thus minimizing the possibility of duplication and deception on the part of the applicants for charity.

The principal manifestation of the effort to make philanthropy discriminating has been the charity organization movement. This began with the formation of the first charity organization society in London in 1868. The first one in this country was formed in Buffalo in 1877. The specific object of such a society is to stimulate discriminating philanthropy. This it may do in many ways. But as a general thing it undertakes to investigate all applications for relief in order to determine whether or not there is a real need, and when there is such a need it makes a recommendation to a relief agency. It also usually keeps a careful record of all persons who have applied for aid, which record can be used by all relief agencies. In these ways the attempt is made to prevent duplication and deception. The charity organization society may or may not act as a relief agency itself. These societies have also done a good deal to organize what is ordinarily called friendly visiting, which had existed earlier in an unorganized form. By this term is meant keeping in touch with families which are near the borderline of dependency, as well as those that are dependent, in order to encourage these families by means of advice to remain self-supporting.

A number of other factors for encouraging discrimination in charity may be mentioned. In many of the states there are state boards of charities, which exercise a certain amount of supervision over the charitable work in the state, and try to correlate and systematize this work in such a fashion as to prevent waste and to make the work as effective as possible. In a few states there are state boards of control which have more or less authority over charitable work, while in some states the legislatures have required accountings from the private charitable organizations. The state, national, and international conferences of charities have also had some influence for discrimination in charitable work.

With the use of discriminating methods, it will be safe to continue to give outdoor relief. And it certainly will be necessary

to do so as long as the economic condition of the vast majority of the members of society is as uncertain as it is at present. So long as these individuals have no guarantee against the destitution which results from unemployment, sickness, etc., there must be an organized system of giving them relief. But we now come to the question whether such relief should be private or public, and this raises the general question of private and public philanthropy, which we must discuss briefly.

## Criticisms of Private Philanthropy

Many serious objections can be raised against private philanthropy. In the first place, in the long run and on the whole it is more feasible to make public philanthropy discriminating than private philanthropy. For various reasons, some of which we have already discussed, it will probably never be possible to make religious philanthropy thoroughly discriminating. As the Webbs have said: — "There are still many good people among us who instinctively resent any discouragement of the personal impulse to give alms or to perform 'good works' as a religious duty by which we 'acquire merit' or do glory unto God, quite irrespective of the effect really produced upon the recipients and beneficiaries. To them, at least in theory, personal charity is everything." [1]

When we turn to secular private charity, the same thing is not so true as for religious charity. I have already stated that up to the present time in this country private organized charity has probably been more discriminating than public charity. However, this has not been due to any defect which is inherent in public charity, but has been due to the political corruption and lack of administrative efficiency which has so far characterized the government of this country These defects may be eliminated and probably will be eliminated before long. We know very well that public relief systems have been and are very successful in certain countries, and there is no reason why the same should not be true in this country. With respect to discrimination, public relief has at least two great advantages over private relief. In the first place, there is little danger of sentimentality in the giving of public relief, while private relief

[1] S. and B. Webb, *The Prevention of Destitution*, London, 1911, p. 222.

is always in danger of being influenced by sentimental considerations. This is true because, however efficiently the private relief system may come to be organized, its methods may be influenced and its system in part disorganized at any time by the sentimental ideas and motives of its financial supporters. In the second place, a public relief system is a part of the vast machinery of government, and can command the aid of the rest of the government in a fashion which is impossible for private charity.

On the other hand, it may appear as if public charity faces another danger, namely, that of becoming routinized to such an extent that sufficient discrimination will not be made between the different cases as to make allowance for individual differences. This is true, but it should be remembered that private charity also faces the same danger, though probably not to the same degree. However, this is not an inevitable defect of public charity, and may be avoided in an efficient system. Furthermore, this problem is bound up with another one which we shall discuss presently, namely, the tendency of private charity to pass moral judgments which are both impertinent and unjustified upon the objects of its charity. Public charity has this tendency to a much smaller extent, partly because it does not distinguish to so great an extent between individual cases.

Private charity is more likely to injure the self-respect of the poor than public charity. It is difficult to eliminate from the personal relations involved in such charity a patronizing attitude on the part of the donor and of humility on the part of the recipient of the charity. It is true that the same may be said sometimes of public charity as well. So long as houses of refuge for the homeless are called "poorhouses" or "almshouses," and so long as city departments in charge of relief work are called departments of "public charities," a stigma will be attached to public as well as private charity, and the self-respecting poor will feel humiliated and disgraced by receiving such charity. But, to say the least, the personal relations involved in private charity which are mentioned above cannot exist in public charity, while it is possible to develop a sentiment that public relief is the right of those who need it and therefore not disgraceful, whereas it is obviously impossible to develop any such sentiment with respect to private charity.

With such a sentiment developed under a system of public relief, pauperism in the sense in which it is now understood would disappear. That is to say, the pauper would no longer be regarded as one who, despite faults of mind and character, was being privileged to survive through the munificent beneficence of private individuals,[1] or of the state; but as one who, owing to peculiarities of circumstance and personal traits, was receiving his support from society in this manner rather than as a wage-earner, an employee of the state, etc.[2]

Furthermore, in private charity there is frequently a tendency to adjust what is given to the alleged moral worth or lack of worth of the recipient. Thus the alms given becomes a prize for those who are "good," and is withheld entirely or in part

[1] This point of view of private charitable organizations has frequently been noted. For example, Gray, the historian and keen student of English charities, comments on charity organization societies as follows: —

"The fundamental error of the Charity Organisation Society consists in a false antithesis between character and circumstance" owing to the fact that it assumes "throughout that the conditions of our social and industrial system are satisfactory enough, and that when failure occurs the fault is to be found not in the circumstances but in the character of the person who fails." (*Philanthropy and the State*, p. 115.)

Gray criticises this point of view in the following words: —

"Men fail from all kinds of mischances over which they have no control and for which they often are not responsible. Their health is undermined by their occupation; their vitality is depressed by the noisome dwelling where for the profit of a slum landlord they must sleep; they are thrown out of work from some vicissitude of trade, evicted from their house for a political opinion, or are found 'too old at forty,' because children who should be at school compete with them in the labour market. These are instances of the chances of the industrial world. Beyond these are its standard cruelties and injustices which make 10 per cent. of the people hardly able to gain the barest subsistence wage. In all these cases the *first* thing necessary is not a change of character but of circumstances. Even when the victims of underpaid labour are faulty and erring persons, what is first of all required is to provide the possibility of life. But it is a heartless and ignorant libel on the class to assume as a rule that the character is markedly faulty. Most often it is of that average type which is the most common in every walk of life. It is often quite outstandingly good. On the whole the character is above the circumstance." (*Op. cit.*, pp. 116–7.)

It should, however, be said that some private charitable workers have come to recognize the force of circumstances in causing the personal traits of the poor.

[2] *Cf.* Edwin Cannan, *The Economic Outlook*, London, 1912, chaps. 3 and 8, entitled, "The Stigma of Pauperism" and "Must a Poor Law Pauperise?"

from those who are "bad." Now it goes without saying that relief cannot be given discriminatingly without careful consideration of the personal traits of the individuals being aided. Otherwise it is not possible to give to each individual what is really needed by him. But if the criterion is a moral one in the sense indicated above, a relief system becomes a system of retribution and reward, and is consequently a penal system rather than a system of relief. And inasmuch as the moral criterion of many charitable workers and philanthropists is that of the upper class and is characterized by an inadequate comprehension of the causes of the personal traits of the recipients of their philanthropy, the results from granting charity on a moral basis become peculiarly vicious.[1]

[1] A striking example of upper class morality as exhibited in charitable writing is to be found in a book which is probably the best known work on philanthropy which has been produced in this country, and which has been the cherished guide and *vade mecum* of many, perhaps the great majority, of American philanthropic and social workers for more than a score of years. This book is characterized throughout by a smug morality which is obviously due to moral and religious prejudices of upper class origin, and by a narrowness of vision and lack of comprehension which is due to a wholly inadequate analysis of the fundamental causes of poverty. An illustration of these characteristics of this writer is his opinion very forcibly stated that a considerable part of the working class is characterized by "immorality," by which he means "sexual licentiousness, or other perversion of the sexual instinct," and which he regards as an important cause of their poverty. His point of view in this regard is well indicated in the following excerpts:— "Among the rougher classes of day laborers upon railroads, in quarries, and even upon the farms, the whole undercurrent of thought, so far as conversation gives evidence of it, is thoroughly base and degrading. In many cases inefficiency certainly results from the constant preoccupation of the mind with sensual imaginings. . . . Railroad day laborers, and others of a similar class, are very commonly kept from rising in the industrial scale by their sensuality, and it is this and the resulting degeneration that finally converts many of them into lazy vagabonds. The inherent uncleanness of their minds prevents them from rising above the rank of day laborers, and finally incapacitates them even for that position." (Amos G. Warner, *American Charities*, revised ed., New York, 1908, p. 82.)

The above statements and point of view may be criticised in several ways. In the first place, Warner exhibits an utter miscomprehension of the nature and significance of sex in the life of man. But it would take us too far afield to criticise him on this point. In the second place, he displays a lamentable ignorance of the day laborer who, on account of his lack of education and cultural training, embellishes his conversation with terms which are not tolerated by the refined standards of upper class society, however appropriate

It is true that public charity also is frequently granted according to a similar moral criterion. If the administrators of this charity are inspired with the same moral and religious ideas as the private philanthropists and charitable workers, they are almost certain to try to administer it in the same manner. But there are at least two obstacles in the way of such an administration of a system of public relief. In the first place, the tendency to routinize the administration, which, as we have already noted, is harmful in other respects, stands in the way of such discrimination upon moral grounds between the individual recipients of charity. In the second place, (and this is doubtless a much more serious obstacle), in any country where the government is at all democratic public opinion is certain in the long run to prevent such dispensing of public relief according to a moral criterion. This is because the great mass of the people will never tolerate such discriminating on moral grounds where they know well enough that it is not justified. As members of the same class, and as neighbors of these recipients of public relief, they know that the intemperance of the drunkard, the laziness of the idler, the inefficiency of the incompetent, etc., are all too frequently due to bad bringing-up, sickness, long periods of involuntary unemployment, etc.

But if we put aside metaphysical theories, religious prepossessions, and class prejudices, we may use the term "moral" as applied to personal traits with respect to whether or not they aid the individual to succeed in society as it now exists, or in any society. The term is used in this sense by some of the more enlightened writers on this subject.[1] Not until we rid the term of the above-mentioned connotations can we use it in a scientific, humane, and democratic sense. When we

and forcible they may be. In the third place, the use of such terms is not necessarily an indication of degeneration; but may, on the contrary, be an indication of a somewhat unregulated virility. In the fourth place, even if we grant that this degeneration exists to the extent alleged by Warner, (and it goes without saying that excessive sensuality does injury to many), it is evident from his discussion of it that he fails to understand that it is due largely to the hardships and limitations of the lives of these laborers rather than to any innate depravity on their part. He therefore does them gross injustice when he implies that they are morally culpable for such degeneration.

[1] *Cf.* S. and B. Webb, *op. cit.*, chap. 10 — *The "Moral Factor."*

have succeeded in doing so, the term may be used safely, and we may regard as defects of character those traits which hamper the individual from being a self-supporting member of society. But everything in the way of punishment should be left entirely to the penal function of the state.

We now come to what is probably the most serious objection to private charity. It is that to a considerable extent such charity stands in the way of fundamental reforms which would remove in part or entirely the conditions of poverty and pauperism which this charity tries to ameliorate. In other words, philanthropy could then be superseded by social justice, and we have already seen that from a humanitarian point of view social justice must be regarded as superior to philanthropy. The principal reason why private charity has this influence is that it is necessarily supported by the more well-to-do classes in the community. The fundamental reforms which would lessen the extent of poverty and pauperism would in most cases apparently and in many cases in reality diminish the fortunes and incomes of these well-to-do classes. The natural result is that these classes will consciously or unconsciously oppose such reforms, and keep up philanthropic work which distracts attention from these fundamental reforms and serves as a sop to the poorer classes. The rich are sometimes bitterly accused of assuming this attitude consciously. In all probability they are frequently, perhaps usually, unconscious of it. But their personal interests and the circumstances of their lives are such that it is almost inevitable that they should take such a position.[1]

[1] See, for example, the following citations from careful students of this subject: —

"It is more socially injurious for the millionaire to spend his surplus wealth in charity than in luxury. For by spending it on luxury, he chiefly injures himself and his immediate circle, but by spending it in charity he inflicts a graver injury upon society. For every act of charity, applied to heal suffering arising from defective arrangements of society, serves to weaken the personal springs of social reform, alike by the 'miraculous' relief it brings to the individual 'case' that is relieved, and by the softening influence it exercises on the hearts and heads of those who witness it. It substitutes the idea and the desire of individual reform for those of social reform, and so weakens the capacity for collective self-help in society." (J. A. Hobson, *Work and Wealth*, New York, 1914, p. 296.)

"Private organized charity is an obstacle in the way of justice. If we

In this connection mention should be made of another form of philanthropy which may prove to be very dangerous by obstructing fundamental reforms. I refer to the endowments founded in perpetuity, especially when administered by self-perpetuating boards of trustees. However benevolent may be the intentions of the founders, such endowments may sometime in the future be used against the interests of the public. This may be done unconsciously by the trustees through undiscriminating charity or some other harmful form of benevolence. Or it may be done consciously by the trustees by lobbying for legislation in favor of special interests, or by an insidious process of spreading ideas and misinformation which are opposed to the public interest.

While the cases are not exactly analogous, it may be worth while to call to mind the numerous endowments, mostly ecclesiastical in their character, established in England during the Middle Ages and earlier. In course of time these endowments became so extensive and so powerful that it became necessary to legislate against them by means of the laws against *mortmain*.

Charters should not be granted to such philanthropic endowments unless the legislature is given a supervisory power over them, thus enabling the public through its representatives to maintain a control over them.

had no such organizations men would think of fundamental reforms; they would think of ways and means to abolish the causes of poverty, rather than the consequences of it. I know of many instances where organized charity opposed practical movements, like motherhood pensions, minimum wages, and housing reforms. Why? It seems rather hard to say it, but I believe it was because the class which administers charity is the class responsible for poverty. It is responsible through the unjust economic conditions which this class perpetuates. And it is the very halo which organized charity throws around itself that makes it doubly difficult for us to penetrate to the real cause of industrial injustice and put an end to it." (F. C. Howe, in *The Public*, Feb. 19, 1915.)

"Nous arrivons ainsi à cette conclusion pessimiste mais incontestable: en aveuglant les riches sur leurs vrais devoirs, en avillissant les pauvres, enfin et surtout en démoralisant définitivement ceux que l'indigence a une fois atteints, la charité détermine sinon l'existence tout au moins la généralisation de la misère proprement dite." (A. Weber, *Le problème de la misère*, Paris, 1913, p. 207.)

## The Utility of Private Philanthropy

The above criticisms of private philanthropy may seem so drastic as, if they are well founded, to show conclusively that there is no place for this type of charity. But there are a few things which may be said in behalf of private philanthropy which we must now consider.

Private charity is frequently praised as being a mode of expressing altruistic feelings, and it is sometimes implied that if this mode of expression were lacking these feelings would somehow or other dry up and disappear. Now it is true that even after we eliminate religious charity and other forms of charity for egoistic motives spuriously masquerading as altruism, there still remains a good deal of charity which is a genuine expression of altruistic feelings. But to imply that altruism would disappear if this mode of expression no longer existed is to display an ignorance of how deeply rooted these altruistic tendencies are in human beings. As a matter of fact, both the human traits which are called altruistic and those that are called egoistic are the products of a long and slow process of evolution, in the course of which natural selection has eliminated many traits which led to destruction and has preserved many traits which preserved the individual and the species.

On *a priori* grounds neither the altruistic nor the egoistic traits are good or bad. They are good to the extent that they preserve human beings and promote their welfare, and this depends largely upon circumstances and conditions. Under certain conditions an altruistic trait will do this and under different conditions it will not, and the same is true of egoistic traits. During the last few thousands of years social evolution has advanced very rapidly, and consequently the conditions under which human beings live have changed enormously. It has not been possible for human traits to change to the same extent. So that it is possible that human nature is not so well adjusted to the conditions under which human beings now live as it has been at certain periods in the past.

Whether altruistic traits have more or less social value now than in the past, it is difficult to determine. But of this we can be quite certain that there is not so much need now of the

simpler forms of these altruistic traits, and that these traits need to be guided and directed and to a certain extent changed in the form of their expression. Private charity has so far provided a means of expression for a simpler form of these traits, and has perhaps stimulated these traits in the cases of certain individuals. But the extent of human society and the degree of interdependence between the different classes and groups in this society have become so great that it is now very important that these traits should express themselves more indirectly and through more complex forms. In other words, these altruistic tendencies should be directed and controlled by a sympathetic imagination so as to promote the welfare of a much larger number of individuals, ultimately indeed of the human species as a whole. It is evident, therefore, that in the spirit of social justice, which we have discussed in an earlier chapter,[1] these altruistic tendencies would have an ampler field for expression than in charity, and would doubtless accomplish a great deal more in the long run.

Furthermore, there would still remain plenty of opportunity for the expression of altruistic feelings in personal relations. It is indeed deplorable the extent to which personal relations in the family and in the life of society at large are characterized by malicious gossip, backbiting, scandal mongering, jealousy, and petty ill feeling of all kinds. This situation is, of course, due in large part to the training and circumstances of most individuals, which in turn are due to the way in which society is now organized. If every individual could be given the training of the intellect which would furnish a basis for the development of the sympathetic imagination, and the discipline of character which results in a high degree of self-control, and could be freed from the harassing of the nervous system by the economic uncertainty and instability which is the heritage of the vast majority and which so frequently causes nervous irritation and mental disturbance, there would be a much ampler opportunity for the expression of these altruistic tendencies in personal relations. And altruism expressed in this form would promote human welfare far more than it has so far accomplished through private charity.

So that while private charity has furnished a means of expressing altruistic feelings in the past, these feelings can be expressed

[1] *Supra*, Chap. XVII.

in a much more effective form. However, private charity has probably been a necessary precursor for more fundamental methods of dealing with pauperism and poverty. The very fact that it has so frequently failed has pointed the way to these more fundamental methods. Furthermore, it has sometimes furnished the opportunity for trying out experiments which could not be tried so easily by the more cumbersome machinery of government.

## Public Philanthropy

The above considerations indicate conclusively that public philanthropy is preferable in most if not in all respects to private philanthropy. Certain it is that the state is concerning itself more and more with these matters. In explanation of this tendency in the nineteenth century Gray speaks as follows: —

"The state was beginning to concern itself with the same data which confronted the philanthropists. Out of this fact springs the principle of action which gives its distinct character to the philanthropy of the nineteenth century. This is the principle of *State intervention*. That is the mark of the nineteenth, exactly as voluntary association is the characteristic of the eighteenth, century." [1]

This tendency will doubtless continue, so that philanthropic work will be performed more and more by the state. Such work when carried on by the state has up to the present time been ordinarily called public philanthropy or charity. This has been because it has been inspired by much the same spirit and point of view as private charity. It has been also because this work has been done in part as a result of a demand by the public that relief of a philanthropic nature be given by the state to those in destitution. But, as we have already noted in this chapter, because of its impersonal character public relief work is not philanthropic in the truest sense of that term. And, as we have also noted, in a public relief system it is possible to eliminate the philanthropic ideal, so that the pauper as such will disappear, and in his place will remain the individual who is so unfortunate as to need assistance which will be provided him

[1] *A History of English Philanthropy*, London, 1905, p. 285.

by the state, which is the institution representing the whole community. In the thoroughly socialized state, towards which society now seems to be tending, public charity as such is bound to disappear, and the assistance provided through the agency of the state will be regarded as one phase of the interdependence upon each other of the individuals and classes in society.

As public relief work is developed, private charity is certain to diminish in extent. Whether or not it will ever disappear entirely, it is impossible to say. It is quite likely that at least a little charity of a desultory and unregulated sort will always remain. But it should be the aim of the state to regulate private charity, so as to make it as discriminating and effective as possible, and to coördinate it as completely as possible with the public relief system. This is already being done in certain countries and states by means of various methods, some of which we have mentioned in this chapter. In some places a combination of public relief with private charitable work has been effected. We have not the space to describe in detail the famous Elberfeld system which has been developed in Germany, but in this system public relief is administered in part with the aid of private charitable workers. In France the *assistance publique* is supported in considerable part by donations from private individuals.

We have not the space to describe in detail a system of public relief. But the fundamental principles of an efficient system of public relief as well as many of its administrative details are ably outlined in the writings of Weber, the Webbs, and Gray, to many of which we have already referred.[1] We shall have to leave the general subject of philanthropy at this point, but in the next chapter we shall describe briefly philanthropic methods for special types of dependents.

[1] See A. Weber, *Introduction à l'étude de la prévoyance, Les miséreux* (especially Vol. 3); S. and B. Webb, *The Prevention of Destitution, English Poor Policy, The State and the Doctor*, and S. Webb, *Grants in Aid;* B. Kirkman Gray, *Philanthropy and the State or Social Politics.*

See also the *Report of the Royal Commission on the Poor Laws and Relief of Distress*, London, 1909, containing both the majority and the minority reports. The majority report describes in great detail a system of public relief while the minority report describes a somewhat different system coupled with more fundamental measures for the prevention of destitution.

## Philanthropy and the Prevention of Poverty

Before closing this chapter we must call attention to the relation between philanthropy and the other measures which may be used in dealing with poverty and pauperism. In doing so we shall indicate the relation between our discussion of philanthropy and the remainder of this book.

Earlier in this book we have discussed some of the causes of poverty and pauperism. We have seen that in many individual cases it can be traced to unemployment, disease, industrial accidents, child labor, industrial warfare, etc. But still more fundamental than these, we have found a widespread condition of low wages for a large part of the working population. All of these conditions and factors are due to the existing economic and political organization of society in the sense that a different organization is conceivable in which these phenomena would disappear entirely, or, at least, in large part. That is to say, an organization of society is conceivable in which there would be no involuntary unemployment, in which disease and industrial accidents would be prevented in large part, in which there would be no injurious child labor, and little or no industrial warfare, and in which all workers would receive a wage above a fair standard of living. We shall discuss later in this book how much likelihood there is of bringing into being such an organization of society.

It is evident that philanthropy can have practically no effect upon these causes of poverty. Philanthropy cannot raise the standard of wages, lessen the amount of unemployment, prevent industrial accidents, child labor, or industrial warfare. It may cure many cases of disease and may even prevent some cases, but it cannot remove the principal causes of disease, such as bad housing, malnutrition, bad habits growing out of bad living conditions, etc. The most that philanthropy can do is to relieve the distress of some of those already in destitution, to aid a few of them to become self-supporting again, and to prevent a much fewer number and only a very small part of those on the verge of destitution from becoming destitute. Furthermore, we have seen that, while in some ways philanthropy serves as a useful preliminary for more effective ways of dealing with poverty and

pauperism, in other ways it is likely to hinder more effective measures than itself, which are directed towards removing the fundamental causes of these social evils.[1]

Hence it is that, however necessary philanthropy may continue to be so long as there are people in destitution, it cannot be expected to have any material effect in lessening the amount of poverty.[2] And this remains true even though private charity

[1] Gray indicates some of the ways in which philanthropy stands in the way of more effective measures in the following words: —

"The defect to which we draw attention in the psychology of charity is that philanthropists, while often quick to discover evils that need a remedy, are constantly under the illusion that a mere casual act of goodwill is sufficient to supply the need. If the records of philanthropy are strewn with monuments of failure it is because the charitably minded characteristically lack a due sense of proportion, and while they are able to see the end that is to be attained, yet cannot command the means to achieve it." (*A History of English Philanthropy*, p. 21.)

But Gray also recognizes how philanthropy may prepare the way for more effective measures when he says elsewhere: — "Philanthropy is a prescientific attempt to do a thing which in some way needs to be done." (*Philanthropy and the State*, p. 16.)

[2] Weber states the inadequacy of philanthropy in the following powerful terms: —

"Quel est notre but? Empêcher qu'aucun individu adulte et valide ne puisse, dorénavant, pâtir faute d'aliments ou de gîte et rester oisif faute de besogne.

"Après les déductions qui précédent, nous ne devrons plus arguer des grands mots creux de devoir, de charité, de philanthropie, d'altruisme, et nous ne nous draperons plus dans le décor trompeur de la bonté: nous allons adopter une méthode où la spontanéité sera suppléée par la contrainte et le leurre altruiste remplacé par la notion d'un égoïsme satisfait. Et pour bien montrer la logique de cette conception nous établirons qu'elle satisfait absolument l'intérêt même de tous ceux qui possèdent ou travaillent.

"Quant aux modalités pratiques que nous proposerons, elles n'auront plus pour base exclusive la pitié, les faveurs, les dons et la reconnaissance: pour être acceptables, elles devront satisfaire tout à la fois l'intérêt collectif et l'intérêt individuel et se conformer aux enseignements résultant pour nous de l'étude historique faite ci-dessus." (*Le problème de la misère*, pp. 288–9.)

Ward expresses a similar idea in the following passages: —

"Most philanthropy is mere temporary patchwork which has to be done over and over again. It does not aim or desire to do that kind of good that will prevent the recurrence of the conditions that have made it necessary. It is static, not dynamic." (L. F. Ward, *Applied Sociology*, Boston, 1906, p. 29.)

"Mankind want no eleemosynary schemes, no private or public bene-

comes to be completely supplanted by a thoroughgoing system of public relief which relieves promptly and adequately every individual case of destitution. That is why we shall devote most of the remainder of this book to a study of the extent to which and the means by which the causes of poverty and pauperism can be removed, thus attacking the problem of these social evils at their roots.

factions, no fatherly oversight of the privileged classes, nor any other form of patronizing hypocrisy. They only want power—the power that is theirs of right and which lies within their grasp." (*Op. cit.*, p. 326.)

## CHAPTER XX

## DEPENDENTS AND DEFECTIVES

Dependent children — The aged poor — Dependent women — The unemployed — Mendicants and vagrants — The blind — The deaf and dumb — The crippled — The aments — The dements — The epileptics — The inebriates — The destitute sick.

We shall now discuss briefly the treatment of the principal types of dependents and defectives. In doing so we shall illustrate the application of the humanitarian and philanthropic principles which we have so far discussed. We shall also describe some of the more superficial measures for the prevention of dependency and defectiveness, leaving to the latter part of the book the consideration of the fundamental preventive measures which require a more or less thoroughgoing reorganization of society.

### Dependent Children

It goes without saying that infancy and childhood are periods of dependency in the life of every individual. The normal condition during these years is for a child to live with and be cared for by its parents. If for any reason the parents and other relatives of a child fail entirely or in part to support it, there arises the abnormal form of dependency in which we are interested. It is obviously important that these abnormally dependent children should receive proper care, not only for their own sakes but also for the sake of society, because most of them have before them long lives during which they may or may not be useful citizens, and this depends largely upon the kind of bringing up they are given.

It is impossible to determine the number of dependent children in this country. Probably the great majority of the families that receive private charitable aid or public relief contain children, and the number of these is unknown. The Census Bureau furnishes statistics of the number of children cared for

by institutions and by societies for the protection and care of children.[1] At the close of the year 1910 there were 147,997 children under the care of 1,151 institutions reported. Of these children 108,070 were in the institutions and 39,927 were in families and elsewhere. At the close of the year 1910 there were reported 32,776 children under the care of societies for the protection and care of children. Of these children 20,989 were in families, 3,562 were in receiving homes, and 8,081 were elsewhere. Some of these in receiving homes and elsewhere may duplicate children in institutions, but probably all of those in families are different from those in institutions. There were in addition children in homes for adults or adults and children, in hospitals, in institutions for the feeble-minded, etc., the number of whom it is impossible to determine. But the above figures are enough to show that 200,000 would be a very moderate estimate of the number of children who were entirely dependent in 1910, while the total number of dependent children must be much greater.

It is hardly necessary to state that when one or both of the parents are living it is best to keep the children with the parents, if the parents are fit companions for their children. For this reason it is frequently desirable to give outdoor relief in order to maintain a home which would otherwise be broken up. But such relief should invariably be given with the utmost discrimination, in order to avoid pauperizing the family and making the parents idle, shiftless, and incompetent. But if the parents are dead, or are incapable, or unfit to care for the children within their own home, and there are no relatives who can take the children, there are at least two ways in which the children may be brought up. They may be placed in the homes of strangers who either adopt them and assume the cost of bringing them up, or who care for the children for a remuneration. This is doubtless the best method of caring for dependent children, when suitable foster homes can be found for them. But it is very important that the charitable societies or the public agencies that have charge of this work take great care in selecting these homes, and then watch over the children after they go into them in order to be sure that they are not abused in

[1] The following figures are from the second revised edition of the report on benevolent institutions published in June, 1914.

their foster homes. If suitable foster homes cannot be found, these children must be placed in institutions. There has been much criticism of these institutions on the ground that their management was so much routinized as to repress the individuality and initiative of the child. This has been largely true in the past, and is still true in many institutions. But the tendency now is towards the cottage system in these institutions, in which the attempt is made to reproduce the family life as much as possible in these cottages, and to give free play for the development of the individuality of the child in the life of the institution.

The measures which may be taken to prevent dependency during childhood or during the later life of those who are now children are very numerous. They include suitable food and sufficient rest for the mothers during pregnancy, medical attendance at the time of birth, pure milk during infancy, medical treatment for infantile diseases, sufficient nutrition throughout childhood, suitable means of recreation, a good elementary education and some vocational training, etc. It goes without saying that in the upper classes parents are able to supply all these needs in the rearing of their children. But parents in the poorer classes are usually unable to supply some or all of these needs, so that it becomes necessary for private philanthropists or public agencies to make suitable provision. Hence it is that we have medical charities, milk depots, nurseries, school lunches, fresh air funds, vocational schools, etc. This situation will continue as long as these lower classes are not receiving sufficiently large incomes to be able to provide these necessities without the aid of private charity or of special assistance from the state. It is likely that under a more socialized system in the future some of these services will be rendered by the state to society as a whole. For example, this will probably soon be true of vocational training. But they will then be upon an entirely different status from their present status, when they are either charitable private measures or measures of public relief for the poorer classes.

## The Aged Poor

At the other extreme of life from childhood is another large group of dependents, namely, the aged poor. When we bear

in mind the statistics furnished earlier in this book with respect to the large number of individuals with very small incomes, it is easy to believe that many workers reach old age without being able to make any provision or adequate provision for the time when they can no longer work.

Squier recently made the following careful estimate of the extent and cost of old age dependency in the United States: — "Approximately 1,250,000 of the people of the United States, above sixty-five years of age, are dependent upon public and private charity, to the amount of about $250,000,000 annually. Thus far one person in eighteen of our wage-earners reaches the age of sixty-five in penury; and the indications are that the proportion of indigent old is increasing." [1]

In commenting upon this situation this writer speaks as follows: — "There are no signs of abatement in the causes of this deplorable condition, — such causes as misfortune, unemployment, low wages, etc. The efforts at relief of present and pending destitution, though somewhat widespread and in the main praiseworthy, are remedial but not curative, — they may make a contingent provision for the old age necessities of perhaps one-third of the wage-earning class in America; whereas two-thirds of this great industrial army are not provided for by any present or prospective old age relief, other than that afforded by the operation of the poor laws." [2]

There are two principal methods of providing for aged dependents, either by furnishing them outdoor relief in their homes, or to put them into institutions. Because of the charitable character given to most of these institutions, even when they are maintained by the state, the aged poor are usually much averse to entering them, because they regard it as an indication of being pauperized. Furthermore, in many of these institutions aged couples are separated entirely or in large part from each other, and in many other ways these institutions are very badly managed. So that it is usually a sad and heart-breaking experience to enter one of these institutions. If however the stigma of pauperism could be removed from these institutions, if their aged inmates were not subjected to the wholly unnecessary and indefensible brutality of being separated from their spouses, and if they were maintained in a reasonable degree

[1] L. W. Squier, *Old Age Dependency in the U. S.*, New York, 1912, p. 324.
[2] *Op. cit.*, pp. 324–5.

of comfort, institutional care would be preferable to outdoor relief. Some of the best institutions have attained this ideal in considerable part, and are able to offer their inmates something approximating an independent home life. There is, of course, not the same objection to institutional life for the aged that there is for the young, since the aged only need care for the rest of their lives, while the children need preparation for their adult lives.

The preventive measures against old age dependency which have usually been proposed are insurance and pensions. The first of these usually demands a standard rate of income sufficiently high to permit of saving. A pension system also involves the question of income to a certain extent, as well as certain other economic and political questions of great importance. We shall therefore take up the discussion of these preventive measures later in this book.

### Dependent Women

It is perhaps hardly legitimate to classify dependent women as a distinct group, but there are two reasons for doing so. In the first place, owing to her functions of breeding and rearing children, a woman is at certain periods of her life more helpless than a man, and is sometimes made dependent by this helplessness. If a woman is left a widow with young children to rear, she is very likely to become dependent. In such a case, if she is at all fit to care for her children, she should be given outdoor relief in the home, so as to keep the home intact until the children are old enough to shift for themselves. Then, if the mother is not yet too old to work, she should, if possible, be found suitable work by which she can support herself. A second reason for recognizing dependent women as a distinct group is the tradition of female economic dependence, which is still very strong and which still prevents many women from being trained for self-support. The result is that there are a vast number of women who are dependent upon their husbands, fathers, brothers, etc., as the case may be, but who should be supporting themselves. When such a woman loses her male support, she is usually left dependent. It is evident that these women belong in the class of the unemployed whom we are about to discuss.

But, in view of the fact that they are peculiarly unfitted for work, they may be distinguished from the unemployed in general. It is evident that these women should be found work at once, if possible, and, if that is not possible, they should be given such training and preparation as will fit them for work. Not until self-support for them proves to be entirely hopeless, either because they are too old to learn, or because it is utterly impossible to secure work for them, should they be placed permanently in an institution such as an almshouse. It goes without saying that aged dependent women should be treated as has been indicated above in our discussion of old age dependency.

The preventive measures for female dependency are obvious. In the first place, every female, like every male, should be brought up with the idea of becoming self-supporting, and of remaining so, when not engaged in the functions of child bearing and child rearing. Thus, if she had the proper training, the able-bodied dependent woman would be on an equality with the rest of the unemployed. In the second place, the breeding and rearing of children should be regarded more seriously as matters of social importance to be safeguarded by society. It will probably always be best to leave the support of children to their parents, whenever the father and mother together or the father alone is capable of supporting them. But if the paternal support is lacking on account of death, illness, or because the father is unknown, as in the case of the progeny of an extramarital union, and if the mother is too much handicapped by the duty of caring for the children to be able to support them, then the state should furnish adequate support in the form of a pension. But the giving of such pensions should be carefully safeguarded, in order to prevent the encouragement of indiscriminate procreation for the sake of getting a pension. Under such a pension system dependent mothers would no longer be placed in the position of being recipients of charity, either private or public, but would be remunerated for performing the function of motherhood.

### The Unemployed

Childhood and old age are inevitable causes of dependency which will always exist. Disease and defectiveness also will

always be causes of dependency, though these causes will doubtless be lessened greatly in extent in the future. But we have seen in an earlier chapter that there is a great deal of dependency of persons who are capable of supporting themselves, but are not furnished the opportunity to do so. The dependency caused by involuntary unemployment is due to the present economic organization of society, and may conceivably be prevented under a better form of organization. But until that time comes, it will be necessary to furnish relief to the unfortunate victims of the present system.

It is indeed surprising the extent to which workers succeed in tiding over periods of unemployment without receiving aid from private and public charitable sources. For example, as a result of investigations made by the U. S. Bureau of Labor Statistics, the Mayor's Committee on Unemployment, and the Metropolitan Life Insurance Company, it has been estimated that during the winter of 1914–15 there were in New York City at least 400,000 workers out of work at one time, and probably a good many more than that number.[1] That is to say, at least sixteen per cent of the total number of wage-earners in New York City were unemployed at that time. And yet, while the requests for assistance at the relief agencies were somewhat more numerous than usual, the increase was by no means commensurate with the great increase in unemployment. This indicates that many of these unemployed must have tided over this period of distress by expending small savings, borrowing money which they have to repay later, or by receiving aid from their more fortunate neighbors. This means a further reduction in the low rates of income which, as we have seen in an earlier chapter, prevail in the working class. For this reason it would probably be better if more relief could be given to these able-bodied unemployed who are willing to work. The suffering experienced during this period, when they are forced to live upon very meager resources and consequently may be underfed and subjected to severe physical and mental strain in other ways, is likely to do them permanent harm and to lessen their efficiency in the future. It is therefore most important that an adequate system of relief be provided for this class of dependents.

If no better system of relief had been devised, this would have

[1] U. S. Bureau of Labor Statistics, Bulletin 172, Washington, 1915.

to be in the form of outdoor relief given in the homes of the unemployed. For the homeless unemployed relief should be provided in the form of shelter and food furnished through institutions like municipal lodging houses. Such aid is far superior to almsgiving on the street, mission shelters, soup kitchens, bread lines, etc. But it is very important that a system of outdoor relief, and of public lodging houses for the temporarily unemployed, should be administered with great discrimination, for otherwise much evil may be caused by it. This is illustrated by the system of poor relief which grew up under the English Poor Law in the early part of the nineteenth century. Under the name of "rates in aid of wages" relief was given freely, though not in large amounts, to the able-bodied unemployed, as well as to those who were receiving very low wages. The result was that many workers were encouraged to remain unemployed or only partially employed in order to avail themselves of this relief, while the employers were encouraged to pay low wages and to expect the state to eke them out. It was this condition which aroused so much opposition to the old English Poor Law, and led to the demand on the part of many that no relief should be given to able-bodied persons. However, as is suggested above, this is hardly possible when so many persons are so frequently thrown out of employment through no fault of their own, and are left more or less destitute. But the relief should be given with the utmost discrimination, so that only the involuntary unemployed shall receive it, and so that they shall receive it only so long as it is impossible for them to secure work. Consequently such a system of relief should be closely related to methods of providing work for the unemployed, which will be mentioned presently.

Another method of tiding the unemployed over periods of unemployment is by means of insurance. There are many forms of unemployment insurance, such as private systems of insurance administered by trade unions, etc.; private systems subsidized by the state; state systems, which may be compulsory or voluntary; etc. We shall discuss unemployment insurance later, in connection with the general subject of insurance as a form of protection against economic adversity.

The subject of the prevention of unemployment will be discussed more fully later in this book, but it may be well to men-

tion some of the methods of prevention, in order to indicate their relation to the methods of relief suggested above. A system of labor exchanges helps a little towards preventing unemployment. In the first place, it saves the waste of a certain amount of time and effort on the part of both employees and employers in making the necessary connections. In the second place, it facilitates the exchange of workers between seasonal employments. In the third place, it reduces the number of casual workers engaged in occupations in which the work is very irregular. But it is obvious that a system of labor exchanges cannot create any work directly. It may indirectly stimulate a small increase in the amount of work by making it easier for employers to secure workers, and consequently to increase the scope of their enterprizes. But so long as there is a large reserve labor force upon which employers can draw, it is not likely to have this effect to any great extent.

During many periods when unemployment has been acute, various governments have tried to provide work by establishing special works for the unemployed. These attempts have usually been badly managed and have consequently not been very successful. But there are inherent difficulties in such attempts which cannot be avoided even when such works are well managed. Since such works are devised for the special purpose of providing work for the unemployed, there is not likely to be much economic demand for the products of such work, and consequently such work is almost certain to be comparatively unproductive. Furthermore, such work has to be unskilled in its nature, for otherwise very few of the unemployed would be capable of doing it. Consequently it is difficult to induce skilled workmen to do such work, since they naturally regard it as demeaning to do such work and the pay as too small for them, and will therefore refuse to do it except as a last resort. In the last place, workers will be fully conscious that such work has been created for the purpose of relieving them, and not because there is an economic demand for it. Consequently they will regard it as a form of charity, and will not do the work with the interest and enthusiasm with which they ordinarily work.

A much better method of providing work during a period of unemployment is for the government to hold back as much of its work as can be conveniently delayed during periods of pros-

perity, and then to give out contracts for the doing of this work during periods of unemployment. In this way employment can be distributed more evenly over periods of prosperity and of depression, and the cyclical fluctuations of employment can be somewhat reduced. In fact, the Webbs have estimated that, if the government in England would adopt this policy, the cyclical fluctuations of employment in that country could be eliminated entirely.[1] I will not stop to criticize this estimate at this point, but will only suggest that it is much less likely to be true for this country, owing to the much greater extent and diversity of industry in this country. I shall also consider later the objection, which has naturally been raised, that such a rearrangement of the work of the government may cause as much unemployment during periods of prosperity as it prevents during periods of depression.

It has also been suggested that for the unemployed for whom work cannot be found and who are in need of public relief shall be provided the opportunity to study a trade or receive some other form of instruction which will aid them later. Those receiving public relief might indeed be required to take this instruction. Thus they would be kept out of idleness and saved from the degenerating effects of idleness, as well as be in a better position to earn a living when they again become wage-earners. Such instruction might be given in connection with the labor exchanges which have been discussed above.[2]

But it is evident that none of the methods suggested above remove the fundamental cause of unemployment, namely, the irregularity and lack of organization of industry. Fundamental preventive measures must be along two lines. In the first place, every able-bodied human being without distinction of sex, class, creed, etc., should be trained to do some kind of productive work. In the second place, industry should be so organized that there is a place in it for every laborer. Under such conditions there would be no unemployment in the sense in which we ordinarily use that term. Furthermore, with an efficient labor force entirely employed it would be possible to maintain every member of society above a comparatively high standard of living, while

[1] S. and B. Webb, *The Prevention of Destitution*, London, 1911, chap. 6.

[2] *Cf.* S. and B. Webb, *op. cit.*, chap. 6. The British labor exchanges have, I believe, already begun to furnish such instruction.

each worker would have to work much less than is the case on the average among those who now work. To what extent this ideal state is likely to be realized and how, we shall discuss later.

## Mendicants and Vagrants

We come now to another group of the unemployed who may or may not be able-bodied, but who are usually voluntarily unemployed. This is the group of the mendicants and of the vagrants who are usually mendicants also but of a migratory type. It is impossible here to go into a lengthy discussion of the causes of mendicancy and vagrancy, or of the different classes of mendicants and vagrants. Vagrancy is doubtless due to a certain extent to the spirit of adventure and the *wanderlust* which are to be found in all human beings. But these causes alone are not likely to lead to more than temporary vagrancy in early youth. Other causes are various abnormal and neuropathic traits which lead an individual to dislike work and a settled life. In many cases mendicancy and vagrancy are due to the fact that the individual is incapable of working, or has not been given the opportunity to work for so long that he has become a mendicant and vagrant. On the basis of an analysis of the causes of mendicancy and vagrancy it is possible to construct classifications of mendicants and vagrants. Among them are to be found the temporary mendicants and vagrants, who are in this condition on account of youth or lack of opportunity to work. Then there are the pauper mendicants and vagrants, who may have started out like the temporary ones but have become confirmed in these habits. The crippled mendicants are incapacitated in part or entirely from work, and use their deformities and mutilations to secure alms. There are several kinds of fake mendicants, as, for example, those who pretend to be poor when they are not, those who simulate diseases and deformities, and the malingerers who maim themselves in order to appeal to the sympathies of almsgivers. The semi-criminal and criminal mendicants and vagrants are those who are ready to commit crime, when a good opportunity to do so presents itself. The abnormal and pathological vagrants can be divided into many classes according to the psychoses and neuroses which give rise to their vagabondage.[1]

[1] *Cf.* A. Pagnier, *Le Vagabond*, Paris, 1910, chaps. 2 and 3.

It is impossible to determine the exact number of mendicants and vagrants, but estimates which have been made indicate that they are sufficiently numerous to constitute a serious problem.[1] The end to be attained in the treatment of this problem is if possible to put an end to mendicancy and vagrancy, and to furnish suitable relief to those of the mendicants and vagrants who are entitled to relief, and to force the others to become self-supporting. Mendicancy and vagrancy should be prohibited because, while the aid given to them is in some cases justified, so long as begging is permitted in any form there will be numerous impostors who become parasites upon the community and encourage indiscriminate giving. Furthermore, criminals are frequently aided by being able to carry on their criminal activities under the guise of mendicancy and vagrancy.

If a thoroughgoing system can be established, both of these conditions can be wiped out entirely or almost entirely. In the first place is needed an efficient system of public relief, to which all cases of mendicancy and vagrancy can be referred to be carefully examined. Then if it proves to be an appropriate case for relief measures, outdoor or indoor relief as the case demands should be granted. If self-support is possible, effort should be made to secure work. If the mendicant or vagrant is unwilling to work, even though capable of doing so, he should be compelled to work. Especially should this be done if he displays a criminal character and tendencies, in which case he should be placed under careful surveillance.

It is impossible in this book to go into greater detail in the description of the methods which should be used in dealing with mendicancy and vagrancy. Excellent methods and institutions have been devised and established in certain European coun-

[1] It was estimated that there were in 1895 in the United States 85,768 vagrants, and that it cost the community $17,000,000 a year to support them. (J. J. McCook, *The Tramp Problem*, in the *Report of the 22d Nat. Conf. of Charities and Correction.*)

According to the Interstate Commerce Commission, during the four years 1911–14, inclusive, there were casualties to trespassers on railway property, in accidents involving train operation, to the number of 21,747 killed and 23,965 injured. (U. S. Interstate Commerce Commission, Accident Bulletins Nos. 40, 44, and 52.) Many of these trespassers doubtless were vagrants, so that these figures give a slight indication of the extent of vagrancy in this country.

tries such as Belgium, Switzerland, and Germany. In these countries are to be found detention colonies, labor houses and colonies, etc., which, combined with discriminating methods of relief, prevent and repress mendicancy and vagrancy to a very large extent.[1]

## The Defectives and the Destitute Sick

We must now discuss briefly the care of the defectives and the diseased. All those suffering from physical and mental defects and from disease are handicapped in the economic struggle for existence, and some of them are entirely incapacitated from self-support. If such individuals belong to wealthy families, they do not usually become dependent upon private or public charity. Their position in society may indeed be no different from that of other wealthy persons who are not economically productive. But most of them are born into families that are able to care for them only in part or not at all, so that it becomes necessary for private charity or for the state to care for them. Because of their need for special care and attention the state sometimes assumes charge of them, even when they can be cared for by their families. Hence it is that these helpless persons form a special group of dependents.

In several chapters in the early part of this book have been discussed the causes and manifestations of physical and mental defectiveness and of disease. All of the data there presented will be assumed in the following discussion.

According to the Census Bureau there were enumerated in 1910 in this country 57,272 blind persons.[2] This furnishes an average of 623 blind persons per 1,000,000 of population. Assuming a total population of 100,000,000 in 1915, there would be at the same rate 62,300 blind persons in that year. But the Census Bureau intimates that the number enumerated in 1910 was probably a very incomplete return, so that there may be as many as 100,000 blind persons in this country by this time.

The treatment of the blind must depend upon the causes of

[1] Numerous descriptions of these institutions have been written. Among them may be mentioned the following: —

W. H. Dawson, *The Vagrancy Problem*, London, 1910; Edmond Kelly, *The Elimination of the Tramp*, New York, 1908.

[2] *The Blind Population of the United States*, Washington, 1915, p. 10.

their blindness. If there is any possibility of a cure, every effort should be made to cure them. If there is no such possibility, special care and education must be provided for them. If they can be cared for in their own homes, it is well to do so, provided they can have suitable educational opportunities at the same time. But if they cannot be cared for in their homes, or cannot secure an education there, they should be placed in special institutions maintained preferably by the state. Here they should be given an education and training which will if possible fit them for self-support. If this is not possible, their education should at least fit them for passing as happy and satisfactory lives as their defect will permit.

According to the Census Bureau there were enumerated in 1900 in this country 37,426 totally and 51,861 partially deaf persons, of whom 24,369 were dumb as well as deaf.[1] The ratios per 1,000,000 of population were 1,175 deaf and partially deaf, and 321 deaf and dumb. Assuming a total population of 100,000,000 in 1915, there would be at the same ratios 117,500 deaf and partially deaf, and 32,100 deaf and dumb in that year.[2]

The same is to be said with regard to the treatment of the deaf and dumb as has been said about the blind. If there is any possibility of a cure, every effort should be made to cure them. If not, they should be cared for in their homes, if that is feasible, or in special institutions. In any case, they should receive an education and training which will if possible make them self-supporting. They should in all cases be taught to speak, since there are very few if any for whom this is utterly impossible.

It is absolutely impossible to make any sort of estimate of the number of cripples in this country. This is partly because it is difficult to determine what degree of deformity constitutes being crippled. The causes of physical deformities are very numerous, some of the principal ones being tuberculosis, paralysis, rickets, scoliosis or curvature of the spine, etc. It is probably true that unless treatment is begun very early in life, in the majority of cases a cure is impossible. For this reason treatment

[1] *The Blind and the Deaf*, Washington, 1906, p. 69.

[2] Best states that according to the Census of 1910 there were 43,812 enumerated as "deaf and dumb." Presumably all of these were totally deaf, but not all of them dumb. (Harry Best, *The Deaf*, New York, 1914, p. 5.)

should be begun very early, if there is any possibility of a cure. The crippled should be cared for in their homes, if possible, and if not, in special institutions. They should be given an education and training, which will, if possible, prepare them for self-support.

We have already estimated the number of aments in this country as being probably as many as 400,000. There can be no hope of cure in a genuine case of amentia, but proper treatment may bring about some improvement in certain cases. The milder types of aments may be kept under custodial care in their own homes. It is usually best to care for the idiots and the low grade imbeciles in special institutions. The higher types of aments can be trained to perform services which will contribute towards their own support.

We have already estimated the number of dements in this country as being probably as many as 350,000. In many cases of dementia a cure may be possible, so that appropriate treatment should be given whenever there is a possibility of a cure. The milder types of the insane may be kept under custodial care in their own homes. The worst forms of dementia should ordinarily be cared for in special institutions. The milder dements may be able to perform useful services, but as a general thing the insane are quite incapable of supporting themselves.

Epilepsy is a disease the causes and nature of which are still little understood. It may be possible to cure it in some cases. But usually it seems to be a permanent trait of its victim, and may therefore be classified as a defect. In its milder forms no special attention needs to be given to it. But in its graver forms, and especially if it leads to criminal tendencies, it should be cared for either by custodial care in the home or in special institutions.

It may appear inaccurate to speak of the inebriate at this point, since inebriety is primarily a habit, rather than a defect or a disease. But in its graver forms it frequently has a neuropathic basis, and is therefore in need of treatment as a disease or a defect. Some of the worst inebriates, especially if they display criminal tendencies, should have either custodial care in the home or should be cared for in special institutions.

The prevention of these forms of defectiveness and the dependency which results from them we cannot discuss at length

here. So far as such defectiveness is inherited, it can be prevented only by artificial selection. How feasible it is to do this we shall discuss in the next chapter, which deals with the subject of eugenics. Otherwise such defectiveness is certain to persist, unless it is eliminated by means of natural selection or variation, which are processes over which man has no control. So far as such defectiveness is due to environmental factors, it can be prevented by changes in the environment. Such changes we have already discussed to a slight extent, and shall discuss at much greater length in the course of the remainder of this book.

The rapid progress of medical science has furnished many methods of treating diseases, and has also furnished the knowledge which constitutes a necessary basis for the prevention and elimination of disease. The nature of many diseases has been determined, and specific cures for many of them have been discovered. It is now known that some of these diseases are caused by germs, and this knowledge makes possible effective measures both for the treatment and prevention of these diseases. Cures have been discovered for certain kinds of defects, such as certain forms of blindness, deafness, etc. Surgical methods for the treatment of accidents and deformities have greatly improved. The development of neurology and of psychology has furnished various forms of treatment for mental disorders.

The well-to-do are able to avail themselves of these means of treating and preventing these diseases. But the poor and the destitute are unable to do so, and must be furnished these means by private or public charity. The result has been an extensive development of medical charities. Various motives have inspired such charities. Frequently they have been founded for the purpose of proselytizing to a religious faith. Medical missions, hospitals founded by church organizations, nursing carried on by religious orders, etc., are examples of this. We have already criticized the religious motive for charity in an earlier chapter,[1] and need not do so again at this point. Some medical charity is carried on for the purpose of educating medical students, as, for example, in the form of clinics. Some of it is due entirely or in large part to benevolent feelings. This is perhaps more true of medical charity than of most forms of charity, since the sick appeal with peculiar force to the sympathetic feelings

[1] *Supra*, chap. XVIII.

of most people. Some of this charity has been instituted for the purpose of protecting the health of the public, since a great deal of disease is contagious.

These medical charities take the forms of free medical treatment in the home, nursing, dispensaries where medical treatment and drugs are provided, hospitals for indoor treatment, etc. Much of this charity has been private. But the tendency now is for the state to undertake these functions. This tendency will doubtless continue, and will make it more feasible to unite remedial treatment with preventive measures. Through public health departments much hygienic and sanitary work is now being carried on, and will doubtless be greatly extended.

Various other lines of activity for the prevention and elimination of disease may be mentioned, some of these activities being private and others being public. For example, in many educational institutions courses on preventive medicine are being taught, which disseminate knowledge with respect to the prevention of disease. Certain more or less organized movements for the elimination of specific diseases are being carried on. Among them are the campaigns against smallpox, tuberculosis, typhoid fever, typhus, diphtheria, malaria, etc. The movement for the prevention of venereal diseases should also be mentioned in this connection.

Movements of a somewhat different character, which should also be mentioned, are the organized movements against the use of stimulants, narcotics, etc. While these movements are directed immediately against certain habits, it is well known that these habits frequently lead to disease and other physical and mental ills, so that such movements are in the last analysis movements against disease as well. Prominent examples of such movements are the campaigns against alcoholism and against the use of narcotic drugs. The vast amount of injury caused by the use of alcoholic beverages is too well known to need extended discussion here. While it is impossible to estimate with any degree of accuracy to what extent it is a cause of poverty and destitution, it is certain that it is one of the most important of the immediate causes of these great social evils. The use of drugs is even more baneful to the individual than that of alcoholic beverages, and since this habit seems to be spreading it may, if not checked, rival alcoholism in malignancy.

But it is not certain that these habits can be fought directly with success. While it is possible to kill off the germs of disease without opposition from those who are threatened by them, it is frequently impossible to control the habits of men, especially when they are habits which they wish to retain, however harmful they may be. It is probable that these habits will be fought more successfully by indirect means, namely, by changing the conditions which induce men to acquire these habits.

The prevention of these defects and diseases would somewhat reduce the amount of dependency and destitution. Furthermore, it would protect the health and well-being of the public at large to a considerable extent, since many of these diseases are contagious. However, it must be remembered that there is danger in exaggerating the extent to which poverty and pauperism are due to disease. We have already cited in an earlier chapter [1] an opinion from a writer on this subject in which there may have been such exaggeration, and the same may be true of the following passage: — "We are apt to forget that, in all countries, at all ages, it is sickness to which the greatest bulk of destitution is immediately due." [2] The word "immediately" may save this statement from error, for without this word it would certainly be wrong. This is evident when we consider the extent to which poverty and dependency are caused by low wages and unemployment. As a matter of fact, defectiveness and disease are to a large extent due to a preëxisting state of poverty, but then react upon that poverty so as to stimulate its increase to a considerable degree.

[1] *Supra*, p. 46.

[2] S. and B. Webb, *The Prevention of Destitution*, London, 1911, p. 15.

## CHAPTER XXI

# EUGENIC MEASURES AND THE IMPROVEMENT OF THE HUMAN BREED

Negative eugenics — Positive eugenics — Criticisms of proposed eugenic measures — Eugenics and the theory of population — Eugenics and the sexual functions — The play function of sex — The play function and the regulation of sex — Harmonizing the reproductive and play functions — Sex education — Eugenic measures and the prevention of poverty.

In earlier chapters on population we have discussed the significance of the volume of population with respect to poverty. We must now discuss the significance of the composition or character of the population with regard to poverty. It has been contended by some that poverty can be abolished by improving the quality of the human breed. This has been the belief of some of the eugenists. We shall therefore consider first the eugenic measures which have been proposed to attain this end.

The eugenic movement has by this time become so well known that it is hardly necessary to define eugenics. As a science it is a hybrid, because, while it consists largely of biology, it also contains a certain amount of sociology. As an art it is a branch of social politics or social technology, in which the principles and data of science are applied to society.

Two branches of eugenics are usually distinguished, namely, positive eugenics and negative eugenics. Positive eugenics is directed towards the encouragement of desirable births, while negative eugenics is directed towards the discouragement of undesirable procreation. Let us consider the principal measures which have been proposed in both of these branches of eugenics.

### Negative Eugenics

Negative eugenics is based upon the assumption that certain human types are undesirable in society, and that it is known

which individuals are certain or are likely to give birth to progeny which belong to these types. Negative eugenic measures are therefore directed towards preventing these individuals from procreating. The first step toward doing so usually is to prohibit these individuals, or rather the classes to which they belong, from marrying. But it is obvious that this measure alone cannot be at all successful from the eugenic point of view, and may indeed make matters much worse. Prohibition of marriage is certain to promote illegitimate matings among these individuals, and such matings may result in nearly if not quite as many offspring as if these matings had been legalized. Since these offspring would suffer from the stigma of bastardy, the situation would if anything be worse than it would be without such prohibitions upon marriage.

Two methods have therefore been advocated and applied to a certain extent to enforce these prohibitions. One method is custodial restraint, either in the extreme form of more or less complete segregation, or in the form of a careful and watchful guardianship. The other method is to render these individuals physiologically incapable of procreation, either by means of castration, or by making them sterile without castration.

### Positive Eugenics

Positive eugenics is based upon the assumption that certain human types are desirable in society, and that it is known what individuals are certain or likely to give birth to progeny which belong to these types. Positive eugenic measures are therefore directed towards encouraging these individuals to procreate. It is evident that positive eugenic measures cannot be as direct as negative eugenic measures, since it is hardly possible to force individuals to procreate, though it may be possible to prevent them by force from doing so. Various methods have been advocated, and some of them have been applied to a certain extent, to encourage the procreation which is alleged by the eugenists to be desirable. Educational methods have been used to disseminate knowledge with regard to the desirability of procreation on the part of certain individuals and classes. Certain economic methods of encouraging marriages in these classes have been proposed. It has been proposed to levy a tax upon

the bachelors in these classes, thus furnishing them an incentive to marry. It has been proposed to pay bonuses upon the birth of children, or to grade incomes according to the size of the family, thus furnishing an incentive to procreate. More general economic methods which have been advocated have been those which would improve the economic status of these classes, thus making it more feasible for the individuals in these classes to marry and to have children.

Under the head of positive eugenic measures have also been placed frequently measures which are directed towards promoting the well-being of parents and of children, both before and after birth. It is, however, evident that these are not eugenic measures in the strict sense of that term. While it is true that in the long run environment has much influence upon heredity, it is also true that inheritance takes place directly through the germ cells, and only such characteristics are transmitted as are represented by determinants in the germ cell. Consequently only such measures as directly affect breeding, by preventing certain stocks from being perpetuated, and by encouraging the perpetuation of other stocks, can be called eugenic. If it were known how desirable variations in the germ cell could be induced, then measures directed towards this end might also be called eugenic. But our knowledge is not yet sufficient to enable us to do this. Measures for the betterment of the environment belong to euthenics rather than to eugenics. The classification of such measures under the head of eugenics is an indication of the tendency displayed by some eugenists to include too much under the head of eugenics. This has probably been due to an excessive enthusiasm on the part of these individuals for the science and art of eugenics. The term eugenic should be limited to measures directed towards improving the human breed, while the term euthenic should be applied to measures for the improvement of the environment.

## Criticisms of Proposed Eugenic Measures

Let us now consider how desirable and how effective are the positive and negative eugenic measures which have been proposed, some of which have been applied to a certain extent. The first criticism to be made of most of these measures is that

we do not yet have sufficient biological knowledge to furnish a reliable basis for them. On the side of negative eugenics we have a certain amount of knowledge with regard to the inheritance of certain defects and of propensities to have certain diseases.[1] Many of these are not sufficiently grave in their character to justify using repressive measures to prevent the individuals possessing them from reproducing themselves. But in the case of some of the more serious of these defects and propensities, it may be justifiable to use such measures. For example, in cases where there is reliable evidence that feeble-mindedness reappears again and again in a line of descent, thus showing that it is unquestionably due to hereditary traits, there may be adequate reason to prevent reproduction in that line of descent. The same may be true where there is similar evidence of the hereditary causation of epilepsy, insanity, syndactylism, etc. But the number of abnormal and pathological traits which it is as yet, on the basis of our present knowledge, safe to repress by such drastic means is still very limited. And in each of these cases it should be done only after ample scientific evidence has been secured of the hereditary character of the trait.

When it has been determined upon the basis of biological evidence that it is desirable to prevent an individual from procreating, the next question is to ascertain what method of prevention should be used. A considerable proportion of these individuals are persons who should be segregated or placed under some form of restraint for reasons other than their unfitness for parenthood. Many of them are idiots, imbeciles, and low grade morons, who would be incapable of making their way in normal social life. Others are insane persons, epileptics, etc., who would be dangerous to themselves and to society at large if they were left entirely free. The restraint placed upon these persons for these reasons could also be made effective to prevent them from becoming parents.

But there are others whom it would be socially desirable to restrain from procreation, and yet there would be no other justification for placing any restraint upon them. In such cases

[1] Several books on eugenics contain descriptions of many of these defects and diseases, as, for example, C. B. Davenport, *Heredity in Relation to Eugenics*, New York, 1911, chap. 3.

it would be a grave injustice to these individuals to place them under any restraint which would limit their freedom in any matters apart from procreation. Consequently they should be made incapable of procreation without limiting their freedom in any other way. Castration is effective in destroying an individual's ability to reproduce. But this operation seriously affects the individual in other ways. It destroys the capacity for sexual intercourse as well, thus shutting the individual out from the normal sex relation. It also has far-reaching effects upon the temperament and character of the individual, which usually are not desirable. So that castration is not justifiable in the cases of these individuals, and probably is justified only for very abnormal persons, such as idiots and low-grade imbeciles, upon whose characters it sometimes has a desirable effect.

It is, however, possible to sterilize by means of surgical operations which have no further effects. Vasectomy for males and salpingectomy for females have been entirely successful as operations of this nature, and there can be little question that these operations or better ones of the same nature, if such operations be discovered, should be used in the above cases. These operations would deprive these individuals of the right and privilege of parenthood, which is indeed deplorable so far as they are concerned, but which may be justified on social grounds. But such operations would not exclude them from the other human relations, and would not limit their freedom or change their status in society.

On the side of positive eugenics we have even less scientific data which would furnish us a basis for undertaking practical measures to encourage procreation on the part of certain individuals and groups. There is no doubt that there are great differences between individuals in their capacity for performing services which are useful to society. Certain individuals possess abilities which are rare, and which make these individuals very productive. Furthermore, there is much evidence that such abilities are in many of these cases inherited. So that it may appear desirable to encourage these individuals to reproduce themselves. Furthermore, it may appear desirable to encourage certain groups to reproduce themselves, because they are or appear to be more valuable to society than other groups. But

our biological knowledge on these points is not sufficiently extensive or precise to furnish a basis for definite measures with respect to these matters. While we can see the individual differences and recognize the general fact of heredity, it is impossible for us to foresee with certainty the outcome of any particular crossing. So that it would be utterly impossible to regulate matings with any degree of wisdom, while there are other serious objections to such regulating which we will mention presently.[1]

Many of the positive eugenic measures which have been proposed have been very foolish in their character. For example, it has been proposed that the incomes of civil service servants should be graded according to the size of their families. Those who advocate this scheme believe that it might in course of time be extended to all professions. In criticizing this proposed scheme it may be said, in the first place, that it is not certain that civil service employees, professional people, and other salaried groups are so superior to other groups that they should be given exceptional inducements to reproduce. In the next place, it is to be expected that if such a scheme is applied to any group it will encourage the mediocre persons in the group to reproduce rather than the superior ones, because the less efficient will seize upon this method of increasing their incomes, probably to the detriment of their efficiency, while the more efficient will endeavor to increase their incomes through the excellence of their work. Thus the effect of any such scheme is almost certain to encourage reproduction of the mediocre rather than of the superior, and to diminish the incentive to

[1] Galton endeavored to prove that human genius and talent is transmitted by heredity in certain families. (Francis Galton, *Hereditary Genius*, New York, 1879; *Inquiries into Human Faculty*, New York, 1883, etc.) But it should be remembered that Galton, who was himself the founder of eugenics, was too cautious a scientist to advocate the regulation of mating on the basis of our present knowledge of heredity.

Other writers have tried to show that environment has played a much more important part than heredity in causing achievement. Their work has at least shown that much more can be accomplished at present by changing the environment than by regulating mating. (See, for example, L. F. Ward, *Applied Sociology*, A Treatise on the Conscious Improvement of Society by Society, Boston, 1906; F. C. Constable, *Poverty and Hereditary Genius*, A Criticism of Mr. Francis Galton's Theory of Hereditary Genius, London, 1905.)

efficiency for those who have most need for such incentive. The same objections hold against any system of bonuses to be paid upon the birth of children. A tax on bachelors may also be opposed on the same general ground, for like graded incomes and bonuses it bases income upon a consideration other than that of efficiency, and this is a very dangerous thing to do for obvious social reasons. The principle of remuneration without productiveness is already applied altogether too frequently in society, as in the cases of the inheritors of wealth, idle wives, etc. No extension of this principle should be tolerated, but, on the contrary, every effort should be made to reduce these cases to a minimum, so that in course of time only those who are physically and mentally incapable of producing should be receiving any income without being productive.

In fact, it is doubtful if at present any positive eugenic measures are feasible, other than a certain amount of educational work in the way of disseminating knowledge with respect to heredity, the influence of environment, etc. And in this work the greatest care should be taken that only well-ascertained facts shall be taught, and only the most cautious conclusions drawn from them. For the present, at any rate, human breeding will have to be left in the main to natural selection, and it is quite possible that this will always be largely true. Certain it is that the human species has so far survived, and has apparently in the main thrived under the process of natural selection. Had it not been for natural selection, the species would probably long ago have been swamped under the burden of a vast number of defectives. Indeed it is very probable that more important than eugenic measures is the elimination of certain dysgenic forces, which have been developed in the course of the later stages of social evolution, and which are hampering natural selection from doing its work. A good example of such dysgenic forces is undiscriminating charity. In emphasizing the importance of natural selection, however, I do not mean to imply that it is the best form of selection which is conceivable, but merely that we have not yet and probably never will have sufficient knowledge to furnish the basis for a system of artificial selection which would be superior to natural selection. Certainly not until we know much better what is fit and unfit, both biologically and socially, should we attempt artificial selection.

The upshot of the above discussion is that the only measure which society through governmental agencies is now justified in taking is to prevent a very small group, which is unquestionably unfit to reproduce, from procreating, and it is very doubtful if society can ever go much further than this for reasons which will be suggested presently, in addition to those which have already been stated. It is very doubtful if this group will ever exceed a very small percentage of the total population, let us say one per cent, and will probably usually be even smaller than this percentage. These considerations indicate the folly of most of the so-called "eugenic" legislation in this country. A dozen or more states have passed laws providing for sterilization under certain conditions for various groups including criminals, habitual paupers, certain groups reputed to be immoral, etc. It is obvious that criminality, pauperism, and immorality are not biological traits which can be inherited, so that they are not appropriate objects for the application of eugenic measures. In certain states laws for the regulation of marriage in the way of requiring examinations have been passed, which are still more foolish and objectionable than the sterilization laws. It has been very evident that this legislation has been based largely upon moral and religious beliefs, rather than on biological knowledge, which is the only safe basis for any eugenic measures. This is why it has called forth the following severe criticism from an eminent English biologist: —

"I may perhaps be allowed to say that the remedies proposed in America, in so far as they aim at the eugenic regulation of marriage on a comprehensive scale, strike me as devised without regard to the needs either of individuals or of a modern state. Undoubtedly if they decide to breed their population of one uniform puritan gray, they can do it in a few generations; but I doubt if timid respectability will make a nation happy, and I am sure that qualities of a different sort are needed if it is to compete with more vigorous and more varied communities. Every one must have a preliminary sympathy with the aims of eugenists both abroad and at home. Their efforts at the least are doing something to discover and spread truth as to the physiological structure of society. The spirit of such organizations, however, almost of necessity suffers from a bias towards the accepted and the ordinary, and if they had power it would go hard with many ingredients of society that could be ill-spared. . . .

It is not the eugenists who will give us what Plato has called divine releases from the common ways." [1]

## Eugenics and the Theory of Population

I wish now to recur again to the theory of population. Eugenics is closely related to this theory because in the study of population it is very important to consider quantity as well as quality. But notwithstanding the importance of this relationship, it has usually been ignored by eugenists. We have much more knowledge on the basis of which to regulate the quantity of population than we have to regulate its quality. This knowledge has been derived from a study of the effects of the growth of population upon economic and social conditions. The results of such study we have discussed at considerable length in our earlier chapters on population. In that discussion we have seen that the upper classes have the knowledge and the means by which to control births, and have used them so as to reduce greatly the birth rate in those classes. But, owing to the repressive and drastic legislation against the control of births, it is difficult for the lower classes to secure this knowledge and these means.

Now according to most if not all of the eugenists, the upper classes are those who should be encouraged to reproduce, while the lower classes should be discouraged from doing so. It should therefore be to their interest to remove the legislation which is directed against the control of births. For while the abolition of this restriction will not increase the birth rate of the upper classes, it will doubtless lower the birth rate of the lower classes somewhat. The result will then be to increase the proportion of those who are alleged to be eugenically more desirable. Thus to make the control of births free and easy would have a valuable negative eugenic effect in restricting somewhat the reproduction of the classes which are, eugenically speaking, less desirable, and would have a positive eugenic effect in increasing proportionally the size of the more desirable classes.

[1] W. Bateson, *Presidential Address of the British Association*, in *Science*, Sept. 4, 1914.

In connection with this citation we may call attention to the fact that many geniuses have been more or less abnormal.

Whether or not the eugenists are right in their estimate of the relative eugenic value of the upper and the lower classes, I will not attempt to say.

## Eugenics and the Sexual Functions

We shall now discuss briefly an aspect of eugenics which is rarely if ever touched upon in eugenic writings, and yet which is of decisive importance against most of the measures which have been proposed by the eugenists. It is hardly necessary to emphasize the importance of removing, as far as is feasible, the individual factor from the causation of poverty and the other social evils, by eliminating defective individuals and by raising the standard of the human breed. But even if we had abundant biological knowledge on the basis of which to undertake measures with which to attain these ends, it would still not be advisable to attempt any extensive regulation of human breeding, because such regulating would do violence to one of the two functions of sex in the life of mankind. In order to make clear the meaning of this statement, it will be necessary to describe briefly these two functions of sex.

## The Play Function of Sex

The primary and fundamental function of sex is reproduction. This function has doubtless existed as long as sex itself. But in the higher animals, and in the warm-blooded vertebrates in particular, sex has acquired a second function, which is in its way quite as important as the first. This second function is due to an efflorescence of the sexual impulse, largely through the affective traits of the warm-blooded animals. As is well known, the affective side of the nature of the warm-blooded animals is much more highly developed than it is in the cold-blooded animals, doubtless owing to the more complex vascular system of the warm-blooded animals. Consequently a great development of the extent and scope of sexual feeling has been possible. The original cause of this feeling is to be found in the sexual glands. But probably through the stimulation caused by the so-called "hormones" which are sent out from these glands to all parts of the organism, the same state of feeling is aroused

throughout the organism. The existence of these hormones is still hypothetical, so that it is not yet possible to state whether, if they exist, they are in the form of discrete particles or of a chemical solution.

The results from this organic state of feeling are many and varied, and it would be impossible to describe them in detail here. But the importance of sexual feeling is indicated by the recognition it has received in psychology. For example, one psychological theory has been that all feelings of pleasure are sexual in their origin. This theory probably is wrong, but there is no doubt that many pleasurable feelings, perhaps the majority of them, are sexual in their origin. Furthermore, there can be no doubt that sexual feeling is one of the most acute, perhaps the most acute, form of feeling and of pleasure. It is also true that a good deal of pain is, indirectly at any rate, due to sex. This may be caused by undue repression of sexual impulses, or in some other way connected with sex.

The results from the state of feeling stimulated by sex are so many and varied that it is difficult to give a name to this secondary function of sex. I would suggest as a name for this function, the "play aspect" of sex, or the "play interest" in sex. My reason for using the word "play" for this function of sex is that it leads to a great deal of behavior whose motive is not practical in the sense that work is motivated by practical ends, so that in this respect it is like play. So that, even though it does not indicate fully the scope of this function, we shall use it as a name for this function.

The play aspect of sex is obviously developed to a considerable degree among all of the higher animals. Among many of them it is a strong social force, and adds considerably to the richness of their life. But nevertheless sex is on the whole more exclusively for reproduction among the animals than it is among men. This is well illustrated by the rut. On account of the rut sexual feeling is very acute at certain times among many of the animal species, but is more or less quiescent at other times. But the rut seems to have disappeared entirely or in large part among men, so that sexual feeling is more or less evenly diffused over the whole of human life.[1] Consequently

[1] See E. Westermarck, *The History of Human Marriage*, London, 1903, chap. II, "Human Pairing Season in Primitive Times."

the play function is a constant factor in the life of man. Furthermore, the human intellect makes the play aspect a conscious end to a much greater degree than is possible for any animal, while many human ideas become associated with sexual feelings, thus forming sentiments which play a powerful part in the life of man.

Much of human achievement has been due to the play function of sex, but it will be impossible to describe these achievements here. Suffice it to say that many military, political, and economic achievements have been due to male gallantry in behalf of women, or to sexual rivalry among males. Furthermore, the play function is frequently an indirect cause of achievement. Much of art, literature, and religion is a symbolic interpretation of sexual feelings and desires, where these feelings and desires have been sublimated and the results of the sublimation are being manifested in these forms. The extensive rôle played in the life of man by this function of sex has been more or less fully revealed in recent years by the study of the unconscious, subconscious, co-conscious, or subliminal aspect of man's nature. The development of psychoanalysis has furnished a valuable technique for this study.

### The Play Function and the Regulation of Sex

The obvious significance of the above facts is that the play function of sex has been an important factor in the evolution of civilization, and has done much to enrich human personality. In view of this fact it is an indication of profound ignorance of human nature and cultural evolution and an exhibition of crass stupidity to attempt to regulate sexual relations without any regard to this function of sex. And yet this has been true of many of the eugenic proposals. It is obvious that inasmuch as the same impulses are involved in both the reproductive and the play functions of sex, though frequently in a different form, it is impossible to regulate sex to any degree in the interest or alleged interest of reproduction without interfering seriously with the play function.

Now it is characteristic of the play function of sex that it must act spontaneously so far as the individual is concerned. That is to say, there can be no immediate directing or regulating as to

the object or objects towards which the sexual impulses of the individual will direct themselves. So that to interfere with sexual relations and acts in the name of reproduction is to interfere with the spontaneous operation of the play function.

The above remarks, however, are not meant to imply that the play function cannot be greatly influenced indirectly. As a matter of fact, early environment and training, the ideas possessed by an individual, and many other factors, influence the play function a great deal. The wise method of trying to influence either of these two functions of sex is to do so by indirect means, and to be very careful to influence neither function in any way which will do injury to the other.

I have introduced this brief description of the functions of sex because of certain ideas which are more or less prevalent at present, and which are concerned with the breeding of the human stock. The first of these is that reproduction is the only natural, legitimate function of sex, and that any use of sex for any other purpose is animal, bestial, licentious, and immoral, and that any human being who recognizes any other function and practises it is reverting to the animal plane. The above description has indicated that the very opposite is the truth. We have seen that it is among the lower animals that sex is exclusively or almost exclusively for purposes of reproduction, and that as we rise in the animal scale there develops this secondary function which we have called the play function, and which plays an increasingly important rôle. This function reaches its highest fruition in man, and is therefore most distinctively human in its character. Consequently, instead of being animal and bestial to recognize and advocate full scope for the play function, it is, on the contrary, human, social, and cultural, in the best sense of those terms, to do so. It is rather those who deny the play function who convict themselves of bestiality by so doing, for they are denying what is most distinctively human in favor of what is more distinctively characteristic of the beasts.

A second idea, which grows to a large extent out of the first one, is that each generation should live exclusively for the sake of succeeding generations. This idea is reflected in such a statement as that this is the "age of the child," etc. It is evident that a number of comments may be made upon this idea. In

the first place, there is no scientific or philosophic reason why there should be any future generations. No data have ever been found to show that anything of moment in the universe at large and apart from man's own interests depends upon the continued existence of the human species. So that, so far as any scientific or philosophic considerations are concerned, it would be quite justifiable for the present generation to devote itself exclusively to its own interests, and give no effort to perpetuating itself.

But even if we assume on religious or moral grounds that there should be succeeding generations (and most persons make such an assumption), it would still not necessarily be true that the present generation must sacrifice itself entirely in the interest of future generations. This is true, in the first place, because if the present generation did assume that a complete self-sacrifice was necessary, it would place itself in a very inconsistent and logically fallacious position in its attitude towards altruism. Such a sacrifice in behalf of these future generations is presumably altruistic in its character. But would it be truly altruistic on the part of the present generation to transmit to these generations a tradition of a duty which, if performed, would in turn destroy the enjoyment of life for them also? Certainly if this obligation rests upon the present generation, it must rest upon future generations as well, so that it would perhaps be the truest altruism not to bring these generations into the world under the burden of such an obligation.

In the second place, even if it is assumed on moral or religious grounds that there should be future generations, and that each generation should sacrifice itself at least in part for its descendants, it is not necessarily to be implied that the present generation shall sacrifice itself entirely for its descendants. If this were the case, then only the last generation of the human species could derive any enjoyment out of life, because it would have no descendants for which to sacrifice itself, and it would be hard to understand why the preceding generations should have existed. So that even those who believe in the duty of propagation may be hedonists to the extent of believing that each generation is entitled to a certain amount of enjoyment.

In fact, it is hard to understand why everything should be subordinated to the reproduction and perpetuation of the

species, unless the habitat of mankind is nothing more than a breeding kennel for the sport and amusement of a divine master. If this is the case, then it must be presumed that the eugenists who are so determined to make over the human species are aware what breed is desired by the master of the kennel, and how such a breed can be produced.

## Harmonizing the Reproductive and Play Functions

The above discussion has put in an extreme form one view of sex, and has criticized it severely. It seemed necessary to do so because some eugenists and a good many other people seem actually to hold such a view. But it is hardly necessary to state that the more intelligent eugenists do not hold any such extreme view, though they may at times go too far in their proposals. As a matter of fact it is perfectly possible to harmonize these two functions of sex, and to direct both of them in such a way that they will contribute more fully than ever before to human and social welfare. But this can be done only on the basis of biological and psychological knowledge. I shall now endeavor to indicate briefly how this can be done.

It is customary to speak of parenthood as a duty, but to look with suspicion upon the play function of sex because, perchance, pleasure may be derived from this function of sex. This attitude towards sex grows directly out of the ideas which I have just criticized, and is to be expected wherever duty and morality are worshipped as ends in themselves, as is the case in this country with its puritanical cultural background. It is obvious that so long as it is believed that opposition between the two functions of sex exists, it will be impossible to harmonize them in the life of mankind.

The first step towards harmonizing the two is, I believe, to regard parenthood not as a duty but as a privilege and source of pleasure. We have already noted that there is no scientific or philosophic reason for regarding reproduction as a duty. Rarely, if ever, also, is there any humanitarian reason for regarding reproduction as a duty; for we have already studied the growth of population with some care, and have seen that it is ordinarily the tendency of population to increase more rapidly than is beneficial for society. On the other hand, parenthood

may be and is under suitable conditions a source of much pleasure. Under the stress of poverty and similar conditions of misery it may be a source of more pain than pleasure. But ordinarily the satisfaction of the instincts and emotions connected with parenthood more than repays all of the pain and discomfort caused by parenthood. So that there is every reason to regard parenthood as a privilege rather than as a duty, and its value as a privilege will doubtless be enhanced in the future by the increasing pressure of population upon natural resources. This pressure may become so great that organized society may be forced to prohibit each couple from having more than three or even two children.

The second step towards harmonizing the two functions of sex is to recognize that they may reënforce each other, and frequently do so. The play function ordinarily leads in course of time to reproduction, and then, if the play aspect of the relation between the parents is at all strong, it is almost certain to be still further strengthened by the bond of mutual parenthood. It happens much more rarely, if ever, that reproduction without the play aspect leads to a development of the play function. The reason for this is that, despite the opinion of many to the contrary, so far as the individual is concerned the play function of sex normally comes first in point of time.[1] This is because, while there is a distinct sexual instinct, there is no distinct parental instinct. That is to say, human beings feel a distinct impulse towards a definite form of behavior with respect to sex, namely, the satisfying of erotic feelings. But they do not feel, and it is obvious that they could not feel, a distinct impulse towards a definite form of behavior with respect to parenthood, for there is no act on the part of the individual which can cause parenthood. On the contrary, parenthood is the result of a long process which goes on automatically and quite independently of the acts of the individual. The process of reproduction ordinarily begins as a result of sexual intercourse, but the individual can do nothing to make this a result. Then after pregnancy has begun the process is entirely automatic. But reproduction stimulates certain instincts and emotions

[1] Parenthood rather than sex is alleged as the justification for sexual relations by many persons for conventional reasons, namely, because the prevailing puritanical standard forbids the sensual enjoyment of sex.

in the parents which lead to a strong affective attitude towards the offspring, and to various kinds of acts in behalf of the offspring. So that while there is no distinct parental instinct, there are various instincts and emotions which are stimulated by reproduction, and which are connected with parenthood.

As a result then of the two steps described above, sexual relations will under normal conditions begin on the play basis and culminate in parenthood, which will in turn reënforce the play aspect of the relation. This is much to be desired from the point of view of the interest of the child, because, with the play function strong, the parents are not likely to separate, and thus the child will have the benefit of the care of both parents. If, however, the relation begins without the play aspect, and is merely for the purpose of reproduction, it is almost certain to arouse a repugnance which can never be overcome, so that reproduction is not likely to reënforce the play function, and the parents are very likely to separate, so that the offspring will not have the benefit of the care of both parents. And even if the parents do not separate, the environment in the household of a mismated couple is not favorable to a good rearing for the offspring.

## Sex Education

The conception of sex stated above is based upon a great deal of biological and psychological evidence, which it is impossible to present here. But if it is at all correct, then to regard reproduction as the only function of sex and a duty, and to ignore the play function, is to do society a vast amount of harm. On the contrary, it must now be evident that it is most important that the young of both sexes be taught frankly and fully with respect to the true nature of sex, and with regard to the means of controlling reproduction. With this knowledge an individual would begin a sex relation with the intention of developing the play aspect to the highest possible degree, but at the same time using the means to prevent the relation from resulting in reproduction until such time as it appeared fairly certain that the play function was developing in a full and permanent form. To this knowledge should also be added such information as will furnish eugenic guidance in reproduction,

though, as we have seen, this information is still very limited in amount.

From the education with respect to sex and its functions, which I have briefly outlined, furnished to all of the young, many benefits would result. In the first place, the amount of human joy derived from sexual relations would be greatly increased. In the second place, the birth rate would be intelligently controlled, so that human beings would no longer breed like rabbits in a warren. In the third place, the quality of those born might be somewhat improved. In the fourth place, the rearing of the young would be greatly improved by closer and more harmonious relations between their parents, owing to a higher development of the play function.

Our brief survey of the data of eugenics has shown that there is little that can be safely done in the way of eugenic regulation, because of our lack of knowledge. We have also seen that on other grounds as well, it would be most unwise to interfere to any great extent with the relations between the sexes, for such interference would be almost certain to do much more harm than good. So that the practical eugenic program should be limited to a very few direct negative measures, such as have been suggested above, and a certain number of indirect positive measures in the way of educational measures.

## Eugenic Measures and the Prevention of Poverty

But even though it is not possible, at present at any rate, to do much to improve the quality of the human stock by eugenic means, it is interesting and profitable to consider what would be the result if socially undesirable types could be eliminated entirely or in large part, and the quality of the human stock could be considerably improved. Many eugenists seem to think that this change alone would be sufficient to prevent poverty, but do not indicate clearly how it would do so. There are perhaps two or three ways in which this might conceivably happen, which we will consider briefly.

The first way is by means of a sort of utopia based solely on a perfected human character, in much the same way that the anarchists base their utopian anarchistic society upon human character as it is today. That is to say, the anarchists believe

that the existing human character is good enough to make possible a society in which there would be no use of force, no formal organization, etc. The eugenist does not consider human character good enough at present to attain this end, but may think that when perfected by eugenic means men will cease to do each other any injury, will be efficient, and will work for the common good without the use of force, formal organization, etc., being necessary. It is evident, in the first place, that it is inconceivable that human nature could be changed to the extent that is contemplated by their theory of perfectibility. Such changes would bring into being an animal no longer human, or for that matter mammalian, in its character, for it would involve the elimination of such fundamental human and mammalian instincts and emotions as anger, jealousy, fear, etc. But even if such a post-human animal did come into existence, it is difficult to believe that it could carry on the necessary economic activities without using a certain amount of formal organization, compulsion, etc.

The second way in which the eugenists may think that their eugenic program would prevent poverty is on the basis of the theory that the existing organization is effective enough to prevent poverty, but that the available supply of labor is so inefficient, because of its inherited traits, that the organization is unable to function properly, and so fails to prevent poverty. In other words, if the innate quality of the labor supply can be raised sufficiently to enable the organization to function properly, poverty would disappear without any further change being necessary.

This theory may seem to have a certain amount of plausibility. The enterprizer may assert that if labor were more efficient he could start new enterprizes, or could expand his present ones, and in some instances his assertions may be true. It is certainly true that the unemployed tend to be the less efficient, as must, of course, be expected, since employers will naturally employ the more efficient rather than the less efficient of the laborers. But notwithstanding these considerations, it still remains difficult to believe that the present organization of industry makes as effective a use of the existing labor supply as might be made of it. It happens all too frequently that efficient workmen are unable to secure employment, while even the inefficient should be given the opportunity to be as productive as they are capable.

In fact, there is some reason to believe that the existing organization gives rise to a large idle labor reserve supply which must necessarily be in a state of poverty. So that it is hard to believe that the prevention of poverty is solely a matter of improving the quality of the labor supply. On the contrary, there is much reason to believe that it requires extensive changes in the organization of industry as well.

We shall devote more attention to the organization of industry in the course of the remainder of this book. We shall also discuss the question as to the extent to which the quality of the labor supply can be improved by educational means.

## CHAPTER XXII

# THE QUESTION OF THRIFT

Arguments against thrift — Benefits derived from thrift — Saving and the accumulation of capital — Saving and insurance.

Thriftiness is a trait which has frequently been extolled as a virtue. Many a parson, philanthropist, social worker, etc., has preached thrift to the poor as the means of emerging from their poverty. Much of the literature intended for the edification of the lower classes has been devoted to this subject. The argument which has usually been advanced in favor of thrift is that it is a means of providing for a time when income is lessened or is cut off entirely. Another argument which is advanced less frequently, but to which as much weight is sometimes given, is that saving is a means of accumulating capital, and of thus increasing the productive power of society. Various other arguments in favor of thrift are used, most or all of which are subsidiary or corollary to these two main arguments.

### Arguments Against Thrift

There are, however, arguments which have been used against thrift. Before mentioning them I wish to call attention to certain practical obstacles in the way of the practice of saving under existing conditions. In the first place, it is perfectly evident from data adduced earlier in this book that a large part of the working population of this country and of all civilized countries receive such low wages that they are very little if any above a bare subsistence income. Under such conditions it is obviously impossible for them to save. In the second place, there is less inducement to save under present conditions than there has been in the past. Formerly it was customary to purchase a piece of land and to build a house, in order to own a homestead. It was customary for many of the workers to own their own tools. The desire to secure these things furnished a strong incentive to save,

in order to have the means to purchase them. But now land has become much more valuable than it was in the past, and there is a great abundance of housing facilities for rent, especially in the cities, so that there is little incentive to save for the purpose of securing land and a dwelling. Owing to the extensive use of machinery, many workers need not and cannot own their tools, so that there is no occasion to save for the purpose of securing tools. It is evident that it is still possible to save for the purpose of investing the savings in the form of capital. But investment as an object of saving is very far from being as concrete and tangible as land, houses, and tools as objects for which to save, and the need of saving for investment appears to be much less immediate than the need for the concrete objects. This is due to traits of human nature which are too familiar to need description here. It is therefore difficult, if not quite hopeless, to expect to induce the great majority to save, except for concrete objects and for immediate needs.

A number of arguments have been adduced against thrift, which must now be considered. One of these arguments is that the habit of thrift keeps down the standard of living, and that it is better to have a higher standard of living in the present than to make provision for future needs. In the light of the data referred to above, it is evident that it is impossible for a large part even of the population which is above the bare subsistence minimum to save, and at the same time to maintain what we have called in an earlier chapter a fair or decent standard of living. It therefore becomes a choice between a certain benefit in the present, and protection from a possible evil in the future. In justice to some of those who take this position it should, however, be said, that they believe that raising the standard of living in the present will have some effect in warding off in part, if not entirely, the need for savings in the future. This may come about by increasing the efficiency of the worker, so that he will avoid unemployment, sickness, etc., and will be able to continue to work to a greater age, perhaps until death. It may also come about, if the rise in the standard of living is sufficiently general, by raising the intelligence of the working class to such a degree that this class will cause a decisive change in the manner of the distribution of wealth, so that it will no longer be necessary for the individual to save in order to provide for future needs.

Another argument which has been used against saving has been that it causes under-consumption, and thus depresses industrial activity. That is to say, the argument is that the wealth saved is converted into capital and is used to produce more wealth, but, inasmuch as the income for consumption purposes has been diminished, it is not possible to market all that is produced, and consequently there arises a state of over-production. The majority of the writers and thinkers on this subject have called this situation over-production. But a few have insisted that it should be called under-consumption, because it is the under-consumption for the purpose of saving which has led to the state of over-production.

As Hobson has put it :—"Over-production or a general glut is only an external phase or symptom of the real malady. The disease is under-consumption or over-saving. These two imply one another. The real income of a community in any given year is divisible into two parts, that which is produced and consumed, that which is produced and not consumed — *i. e.*, is saved. Any disturbance in the due economic proportion of these two parts means an excess of the one and a defect of the other. All under-consumption therefore implies a correspondent over-saving. This over-saving is embodied in an excess of machinery and goods over the quantity economically required to assist in maintaining current consumption." [1]

[1] J. A. Hobson, *The Evolution of Modern Capitalism*, London, 1913, p. 314. In the eleventh chapter of this book Hobson has brought together a good deal of data to prove that there is "a general excess of producing power over that required to maintain current consumption," by showing that much capital is wasted in speculative enterprizes, which may benefit the speculators but which produce nothing for society. However, he recognizes legitimate reasons for increasing the amount to be saved in the following passage:—

"An increased quantity of saving is requisite to provide for an expected increase of consumption arising from a growth of population or from any other cause. Such increased saving is of course not over-saving. The proportion, as well as the absolute amount of the community's income which is saved, may at any time be legitimately increased, provided that at some not distant time an increased proportion of the then current income be consumed. If in a progressive community the proportion of 'saving' to consumption, in order to maintain the current standard of living with the economic minimum of 'forms' of capital, be as 2 to 10, the proportion of saving in any given year may be raised to 3 to 9, in order to provide for a future condition in which saving shall fall to 1 to 11. Such increased

It is, however, evident that this argument against saving applies only to the amount which is saved above what is needed to furnish the necessary capital for production. It is, furthermore, very difficult to determine how much capital is needed for production. That a good deal of capital nowadays is wasted in producing things which are not consumed, or in producing luxuries which are harmful or to say the least not useful, is doubtless true. It is also true that if this capital had been consumed by the poorer classes, it would have raised their standard of living, and would have created a demand for the production of useful articles which would have stimulated industry and would have brought employment and wages to the workers and at least moderate profits to their employers. But whether the capital that is wasted equals or exceeds in amount what is saved by the lower classes, it is impossible to determine. If this is the case, then there may be no reason for asking the poorer classes to save in order to accumulate capital, since the savings of the wealthy are sufficient for this purpose. Individual need would then remain as the only reason for saving, and if this need could be obviated in some other way (as by means of state insurance, pensions, etc.), thrift would no longer be a virtue for the poorer classes. Whether or not there is any social need for saving on the part of the poor is a question to which we shall recur presently.

Another argument against saving, which is related to the one which we have just discussed, is that a large part of what is saved is money or claim to money and not real capital.

Robertson has stated this argument in great detail. He says that "the vogue of the Saving fallacy has from the first depended on the mass of misconceptions set up by applying the word "capital" to

'saving' will not be over-saving; the forms of capital in which it is embodied will not compete with previously existing forms so as to bring down market prices. The efforts which take the form of permanent improvements of the soil, the erection of fine buildings, docks, railways, etc., for future use, may provide the opportunity to a community of increasing the proportion of its savings for a number of years. But such savings must be followed by an increased future consumption without a correspondent saving attached to it. The notion that we can indefinitely continue to increase the proportion of our savings to our consumption, bounded only by the limit of actual necessaries of life, is an illusion which places production in the position of the human goal instead of consumption." (*Op. cit.*, pp. 314–5.)

the phenomena of money-saving while conceiving it in the old sense of saved *products*. We saw at the outset how profoundly this procedure confused and vitiated the reasoning of Turgot. But it has been just as potent for evil in orthodox economics since. Everywhere there is made the monstrous assumption that the money, or rather *claim to money*, saved annually represents a saving of *products and means of production* to that amount." [1]

Now it is evident that what is saved is, in the last analysis, not money or even claim to money, but claim to the use of services. If these services are used in such a manner as to be useful to society, there can be no question that real capital has been saved. But if they are wasted in speculative enterprizes, such as have been mentioned above, or are expended in war or in preparations for war, they are not socially productive, and there may be some justification for refusing to call them capital. However, this is a matter of terminology which we need not settle here. What is of importance for us to discuss is the theory that saving is not beneficial for the poor, and may indeed do them harm.

Robertson has stated this theory very forcibly in the following words: — "The cure prescribed for the workers is that they shall not only be chary of consuming the goods which they live by producing, but equally abstain from consuming high-class goods, the production of which would call for labour which could not be superseded by machinery. And their saved money is consequently to be invested in the production of only the kinds of goods or services which, so far as parsimony prevails, must of necessity be forthcoming, and are for the most part only too easily multiplied. Thus their very savings do but go to facilitate the crises which throw them idle. The more they cause 'capital' to abound, too, the more nearly impossible it becomes for them to be their own capitalists for productive purposes, since the savings of the upper classes go the more to form overwhelming joint-stock concerns that blight smaller undertakings. Thus, on the one hand, we have the increasing class of idle rich, living on investments, and well-to-do jobbers, living by spurious commerce; and, on the other hand, the increasing class of toiling poor, who on all hands are taught to aim at investments likewise, but only here and there to limit their rate of increase and raise their standards of comfort, though only by these last courses can they, under any conceiv-

[1] John M. Robertson, *The Fallacy of Saving*, London, 1892, p. 72.

able regimen, countervail the constant extension of labour-saving machinery, and make new labour independent of the capital of the idlers." [1]

A further argument which has been used against saving is that an increase in the accumulation of capital resulting from increased saving is bound to result in a fall in the rate of interest. Consequently the benefit to be derived from saving is neutralized in part at least by a reduction in the revenue from the capital accumulated.

## Benefits Derived from Thrift

Let us now endeavor to appraise these arguments for and against thrift. In the first place, it is evident that thriftiness is in harmony with certain valuable human traits. The practice of thrift involves forethought, self-control and self-direction, all of which are traits which are playing an important part in building up our civilization. Furthermore, it is evident that thrift may and frequently does save an individual from a great deal of suffering at a time of need. It also sometimes gives an individual an economic independence, which enables him to embark upon a new enterprize, or to withstand oppression, in a manner which would be impossible if he were not fortified with his savings. Thrift may also act indirectly as a check upon the increase of population. People frequently refrain from having

[1] *Op. cit.*, pp. 120–1. Robertson goes on to state the way out of this situation in the following words: —

"We are in such an *impasse* that even if the National Debt were rapidly paid off by way of removing a burden from industry, the result must needs be the throwing idle of many thousands, through the stinting of the consumption of fundholders left without investments, unless one of two courses were pursued. Either (*a*) the principle of parsimony must be generally abandoned, and the majority must demand high-class goods or services which should be more or less providable by those who formerly provided nominally high-class goods or services for the fundholders; or (*b*) the State or the municipalities must institute important public works (such as civic reconstruction, with good working-class houses, or comprehensive sewage-schemes), which should extensively employ and train inexpert labor. Indeed, it is clear that the contingency could not be met by the action of both these general factors: the workers must consume if production is to be kept up. And, finally, restraint of propagation is an indispensable condition of the maintenance of the improved state of affairs." (*Op. cit.*, pp. 121–2.)

offspring in order to be able to save, or have small families in order to keep family fortunes intact.

France furnishes us an admirable example of a nation which has benefited greatly from the practice of thrift. In that country the ideal of providing for old age and of keeping family fortunes intact has been widespread. It has been customary to limit the size of families and to regulate expenditures in order to permit of saving. The government has encouraged this custom by furnishing excellent investments in the form of bonds, annuities, etc. As a result of its thriftiness France has accumulated a vast amount of capital, much of which it has loaned to other countries, and has received in return a large revenue, which has contributed heavily towards the wealth and prosperity of the French people.

In view of these facts it may be difficult to believe that the arguments against thrift, which have been mentioned above, can have any validity. But when we study the arguments of such writers as Hobson and Robertson, it is evident that they have in mind something much more far-reaching than the immediate results from thrift. They are in favor of more or less extensive changes in the direction of collectivism which would make individual saving largely or entirely unnecessary, while such saving may to a certain extent stand in the way of these changes. Thus Robertson advocates free old age pensions, which would obviate the necessity of saving for old age. Hobson outlines a progressive socialism as a result of which public ownership and control would gradually replace private ownership and enterprize in industry. He does not indicate specifically how capital would be accumulated under this system. But presumably the state would set aside as much of the wealth produced as would be needed for capital, so that there would be no need of individual saving in order to provide capital for the production of wealth. Thus various wastes might be avoided, such as the setting aside of more capital than is needed; the loss of capital in private speculative enterprizes; the losses entailed by private competition, such as the cost of advertizing, over-production as a result of the unnecessary duplication of economic goods, etc.; the losses caused by the alternation between periods of prosperity and of depression under the present capitalistic régime; etc.

## Saving and the Accumulation of Capital

It is therefore evident that these arguments against saving bring us face to face with the fundamental question of private capitalistic enterprize *vs.* a collectivist organization of industry. We shall have occasion to refer to this question several times in the course of the remainder of this book, and it is obvious that we cannot settle this question here.

The most we can do is to call attention to the fact that in all probability saving on the part of the poorer classes is not needed to furnish the capital necessary for a healthy development of the machinery of production. In an earlier chapter we have cited some data which indicate that apparently the working class owns comparatively little property from which revenue is derived, namely, capital. It is impossible to estimate accurately how much of the capital of a country comes from the savings of the poorer classes. A rough estimate of the income saved in the United Kingdom in 1905 was made by Ireson. He estimated that the rich class saved 42 per cent of its income, the upper middle class saved 35 per cent of its income, the lower middle class saved 8 per cent of its income, the artizan class saved $2^1/_3$ per cent of its income, and the unskilled class saved none of its income. The consequence was that while the artizan class numbered six and one-half times as many as the rich and middle classes it saved less than one-tenth as much as those classes saved.[1] These estimates, however crude they may be, at least indicate that not much of the capital of the world comes from the savings of the poorer classes; so that even if all of this source of capital were cut off, it would not cripple production.

Hence it is that, even though the savings of the poorer classes have some value for society as a whole as a source of capital, we are justified in studying these savings particularly from the point of view of the poorer classes. Each member of these classes might endeavor to protect himself against future needs by putting enough money in the savings bank, or in some other form of investment, to meet every probable future need. This would doubtless be the best method from the point of view of accumulating as much capital as possible for society. But,

[1] Frank Ireson, *The People's Progress*, London, 1910.

in the first place, we have seen that this is an utter impossibility for the majority of the working class. In the second place, it is not the most economical manner in which the worker can make provision for the future. If each individual saves irrespective of the savings of others, it is necessary for him to try to save enough to meet the largest possible need which he may have. But if he and his fellow-workers coöperate in saving, then each one will not need to save so much, and can put more of his income into raising his standard of living. Such cooperation can be effected by means of insurance schemes.

### Saving and Insurance

Insurance has been well described and defined in the following passage: —

"By saving collectively instead of individually, a group of people can greatly lessen the amount of saving that is required, in order to reduce the variability of the representative man's consumption in any given degree. This combination of the method of mutuality and the method of saving is commonly known as *Insurance*. It is a cheaper way than saving alone of producing a given increment of stability and, therefore, among the poorer classes, to whom cheapness is of vital importance, attempts to foster it have been successful, where — witness the Ghent system of subsidies to provision privately made against unemployment — attempts to foster individual saving have failed." [1]

Private insurance organizations have been in existence for a long time, and insurance has been of importance as a form of business enterprize for several centuries at least. These insurance organizations have furnished protection against sickness, accident, fire and marine losses, loss of support through death, etc. Their facilities have been used to an enormous degree by modern business enterprize. Indeed, business enterprize would doubtless be very limited in its scope if it were not safeguarded against loss by insurance. Private insurance has also been used a great deal by members of the more well-to-do classes to protect themselves and their families against loss. But up to the present insurance facilities have been used only

[1] A. C. Pigou, *Wealth and Welfare*, London, 1912, p. 410.

to a slight extent by the poorer classes. This has doubtless been due to several causes, such as lack of the financial ability to pay the premiums on an insurance policy, ignorance as to the nature of insurance, lack of forethought, etc. It is evident that insurance for business purposes and in the upper classes has little significance with respect to poverty, but that insurance for the lower classes has an important bearing upon the problem of the prevention of poverty. We shall discuss this type of insurance in the following chapter.

## CHAPTER XXIII

# SOCIAL INSURANCE AND PENSIONS

Types of insurance — The utility of insurance — Arguments against insurance — Workmen's compensation — Non-contributory pensions — Private pension systems — State pension systems — Arguments for and against non-contributory pensions — Insurance, pensions, and the prevention of poverty.

During the last few decades there has been a great development of so-called "social" insurance. The movement for social insurance originated from insurance schemes instituted by workingmen's organizations. Many of the trade unions in England and in other countries have had so-called "benefit" features, whereby their members could receive financial assistance in case of unemployment, sickness, accident, etc. But many of these insurance schemes did not have a sound financial basis. Furthermore, they did not in any instance furnish insurance facilities for all of the working class.

### Types of Insurance

In recent years some of the private commercial insurance companies have developed so-called "industrial" insurance, whereby it is possible to secure protection against various dangers by the payment of very small premiums at frequent intervals. But private industrial insurance also cannot meet the needs of the lower classes, since it is too expensive for many of those who need protection, while it is not compulsory so that many who should have such protection fail to acquire it on account of ignorance or lack of foresight.

Social insurance, in the truest sense of the term, comes into existence when the state begins to take measures to ensure such protection for the classes in society who need it most. As one writer on this subject has expressed it, "social insurance is the policy of organized society to furnish that protection to one part

of the population, which some other part may need less, or, if needing, is able to purchase voluntarily through private insurance," [1] and the state is the most natural and most powerful agency through which this protection can be furnished. Consequently, during the last few decades insurance facilities have been developed by the governments of several countries. We have not the space to give an extended historical account of the movement towards state insurance. Suffice it to say that, while there had been slight attempts at state insurance in many countries before that date, the first great system of state insurance originated in Germany in 1881. Since that time Germany has developed the most elaborate system in existence, while several other countries have gone far towards developing a similar system.

The principal dangers against which social insurance usually furnishes protection are those which peculiarly menace the working class. These include unemployment, sickness, accidents, and old age. Many kinds of state insurance schemes are now in existence. A government may establish an insurance system and finance it entirely. Or it may subsidize a commercial insurance agency to furnish insurance facilities at low rates to the poorer classes. It may require the employers to bear part of the cost of the insurance against dangers for which the employers are presumably at least in part responsible, such as unemployment and accidents. It may make the insurance compulsory upon the workmen, so that they have to insure themselves, and the government may enforce this requirement by levying the cost of the premiums upon the wages of the insured before their wages are delivered to the earners. Or the state insurance may be entirely voluntary. These and various other forms of insurance may be found in the governmental systems of today.

We have already noted that in some systems the government bears part of the cost of the insurance, or requires the employers to bear part of the cost. In some cases this has been carried so far that the government has borne all of the cost, or the employer has been forced to bear all of the cost. In one sense this is still a form of insurance, because the beneficiary is being insured protection against the dangers which menace him. But in the

[1] I. M. Rubinow, *Social Insurance*, New York, 1913, p. 3.

strict technical sense of the term this is no longer a form of insurance. It is evident that the beneficiaries are not saving in order to secure this form of protection, and are not coöperating with each other. Consequently, these forms of protection cannot be classed under the head of insurance, though they are closely related to insurance in their purpose. Illustrations of these forms of protection are compensation systems, where the employer is forced to compensate the employee for losses sustained as a result of accidents, sickness, etc., caused by the occupation; and non-contributory governmental pension systems, where the prospective pensioners do not have to contribute towards the support of the pension system. We shall consider these forms of protection briefly later in this chapter.

We can now see that the term "social insurance" is rather vague. It is true that in one sense all insurance is social, because of the mutuality which characterizes it. It is obvious that a single individual could not very well carry on an insurance system. On the other hand, it is also evident that the forms of insurance which we have briefly described are social as contrasted with other forms of insurance, in the sense that they are directed at preventing certain of the social evils connected with poverty. They represent a more or less concerted movement on the part of society to accomplish this end. We must now consider the arguments for and against insurance in general, and social insurance in particular, in order to determine to what extent insurance can be effective in accomplishing this end.

## The Utility of Insurance

To begin with, it is evident that insurance is a surer protection against danger than ordinary saving. This is true for several reasons. In the first place, insurance gives the desired protection from the moment the insurance policy is taken out, whereas ordinary saving does not furnish this protection until long after the saving has begun. In the second place, insurance is a safer investment than most of the investments into which ordinary savings are put. The average investor is very likely to be tempted, by the possibility of making a high rate of interest, into putting his savings into investments where there is a good deal of danger of partial or total loss. There is very slight

danger of loss in insurance, especially wherever the insurance business is regulated by law, which is the case in most civilized countries. In the third place, the average individual will contribute more regularly to an insurance investment than to a fund of savings, because there is a compulsion about an insurance policy with its regularly recurring premiums which is lacking in ordinary saving.

The above arguments in favor of insurance have to do with the advantages of insurance for the individuals who are insured. It is also argued that insurance stimulates the accumulation of capital by encouraging saving. We have already considered this argument with respect to saving in the preceding chapter. We have seen in an earlier chapter [1] that the accumulation of capital is a desirable thing or not according to the relation between the supply of capital in existence and the natural resources and available supply of labor. If the supply of capital is limited in proportion to the other forces for production, it may be highly desirable that the accumulation of capital be stimulated. But if there is a plentiful supply of capital, it may be much more desirable for society that the standard of living of the lower classes be raised. It is ordinarily impossible to answer this question conclusively at any given time and place. But we have already noted that the savings of the poorer classes constitute a very small source of capital, that probably less than one-tenth of the capital of society comes from this source. So that it is probably true that as a general rule a rise in the standard of living of the poorer classes is a greater social gain than the increase of capital.

In view of the above considerations, it may appear plausible that the question of insurance can be decided in large part if not entirely with respect to its effect upon the individuals insured, and not with respect to its effect upon society as a whole. This is in all probability true. It may also appear as if the individual would gain more by raising his standard of living in the present than by any form of saving. But this is not necessarily the case so long as a large part of society is unprotected against dangers. While these individuals, and indirectly society, may benefit by a rise in their standard of living in the present, many of these individuals will meet with disasters in the future

[1] *Supra*, chap. XIII.

against which they are not protected, and the result will be that their standard of living will in the long run be lower than it was originally, and many of them will become dependent. So that there will probably be no net gain in putting the surplus income of these individuals into raising their standard of living instead of into insurance.

The upshot of the above considerations seems to be that under present conditions insurance is a desirable thing, and tends on the whole to lessen the amount of poverty. But we shall comment presently upon its specific significance for the problem of poverty.

It is also contended sometimes in favor of insurance that some or all of the burden of this protection against future catastrophes may be transferred to the shoulders of the well-to-do. It is true that there is a tendency in this direction at the present time. We have already noted that the cost of insurance is sometimes levied in part upon employers. Or the state may bear the cost in part. But it is evident that this is a tendency away from insurance in the strict sense of that term. If this tendency is followed out to its farthest limit, it will constitute an attempt of considerable import at redistributing wealth, so that the cost of protection against these hazards in the lives of the poorer classes will be borne by the wealthier classes, or by society as a whole represented by the state. When that time comes, there will no longer be any need for insurance on the part of the members of these lower classes, and they can safely devote all of their incomes to raising their standard of living as high as possible. It is evident that the question of the desirability of redistributing wealth in this fashion is an economic and political question of great importance, which we shall have occasion to refer to again presently in connection with the subject of pensions. But before discussing these more radical measures into which insurance may develop, let us consider the arguments which have been used against insurance.

### Arguments against Insurance

One of the arguments against insurance has been that it does not prevent poverty. The Webbs have stated this objection to insurance in their treatise on the prevention of destitution

in the following words: — "Now, insurance is a social device of proved value, and we count on its being made use of in the campaign against destitution. It has, however, one fundamental drawback which stands in the way of its being any real alternative to the proposals of this book. *Insurance does not prevent.*" [1]

It is evident that taken literally this statement is true. No amount of insurance will prevent disease, or accidents, or unemployment. Indeed, insurance sometimes leads to such casualties, as in cases of malingering and arson. It may prevent a certain amount of dependency, since insured persons experiencing these casualties can depend upon their insurance instead of philanthropy. But it is evident that this dependency has been prevented at the expense of more poverty, for the standard of living of the insured must have been lowered in order to pay for the cost of the insurance. So that in many cases it becomes a choice between a higher standard of living some of the time with dependency the rest of the time, and a lower standard of living (and therefore more poverty) some of the time with a livelihood derived from insurance the rest of the time. It may therefore appear that in the long run the poorer classes would be better off without insurance, for they would be able to consume all of their earnings and would then derive something in addition in the form of philanthropy from the wealthier classes. But we have already discussed philanthropy earlier in this book, and have seen that the objections to philanthropy are sufficiently great to justify a choice in favor of insurance rather than in favor of philanthropy.

We can now see in what sense insurance does not prevent poverty, though it may prevent a certain amount of dependency. The situation becomes entirely different when the cost of protection is levied upon the well-to-do classes, or upon society as a whole. If an employer has to pay for accidents and diseases acquired in the course of employment by him, it will at once become greatly to his interest to prevent these accidents and diseases, and the number of accidents and amount of disease may be greatly lessened. If the cost of protection against unemployment, old age, etc., is lifted off the shoulders of the poorer classes, then it means a more equal distribution of wealth, and

[1] S. and B. Webb, *The Prevention of Destitution*, London, 1911, p. 160.

therefore less poverty, provided this change in the distribution of wealth has not caused a compensating loss in some other way.

It is indeed desirable to emphasize the fact that insurance does not prevent poverty. An extensive literature regarding insurance, and social insurance in particular, has grown up in recent years, and it is depressing to note that many of the authors represented in this literature are laboring under the delusion that insurance does prevent poverty, and that in social insurance we have found an adequate solution for the problems of poverty and dependency. On the contrary, it is most important to bear in mind that insurance is desirable only as being frequently if not always preferable to poor relief, and that it is in the main a remedial measure, and like every remedial measure necessarily temporary in its nature.

As the Webbs have said in commenting upon its temporary nature: — "Whatever scheme of insurance is adopted — especially a bad scheme — will plainly not be final. We shall have to learn from our own experience, if we are too foolish to learn by the experience of others; and we shall find, as the German Government has found, that insurance schemes are always in the melting pot. And it is an interesting corollary that the more universal and the more compulsory the scheme — the more heavily it involves the pecuniary interests of the community as a whole — the more quickly and the more certainly will the nation become alive to the necessity of a Policy of Prevention." [1]

Hence it is that, even though the fact that insurance does not prevent is not incompatible with the fact that insurance may have some utility under the existing system as a remedial measure, still insurance may sometimes stand in the way of much more important measures which are in reality preventive, because many people will devote most or all of their energies to the insurance measures under the delusion that they constitute adequate preventive measures.

Another argument which may be used against insurance is that it may result in the accumulation of too much capital. As we have already noted, it is impossible to determine conclusively at any given time and place how much capital is needed.

[1] *Op. cit.*, p. 214.

But it is doubtful if the amount created by the savings of the poorer classes is likely to interfere seriously with the amount which is desirable. As a matter of fact, the proportions between the productive forces are regulated by competitive factors in a manner which is not likely to be seriously disturbed by accumulation of capital stimulated by insurance.[1]

It may also be contended that insurance costs too much for some of the individuals who are insured. It is, of course, true that some individuals pay money into an insurance scheme from which they receive no material return. But, in the first place, it must be remembered that they acquired protection against possible loss during the period of their insurance. In the second place, what they have lost in dollars and cents has probably been more than compensated for by what others have gained, who have received from the insurance organization much more than they have paid into it. So that it is doubtful if this can be regarded as an argument against insurance.

We can now see that social insurance is to a very slight extent, if at all, preventive of poverty. The principal effect it has upon the poor is to distribute their incomes more evenly in point of time. As a consequence they are saved a certain amount of suffering during part of their lifetime. But it should be remembered that this gain is compensated for in part at least by a fall in their standard of living during the rest of the time. The greater steadiness of income caused by insurance is doubtless on the whole a gain, because the periods of suffering and distress otherwise experienced are likely to have permanently disastrous results in the form of lowered vitality, broken health, weakened

[1] Robertson is opposed to state insurance partly because he thinks it would lead to the accumulation of too much capital: —

"It speedily appears that the old idea of a National Insurance Fund is out of the question. Even apart from any perception of the general Fallacy of Saving, it is widely admitted that such a fund would be unworkable. It is hard enough for private Insurance Companies to go on investing their funds profitably, without the Government attempting to compete with them as an investor on a gigantic scale. But further, it is being widely recognised that the collection of premiums, or specific payments towards pensions, would be an enormously difficult matter; and already, alongside of the schemes which specify such charges and payments, there are others which frankly propose to make a national pension charge without exacting payments from individual workers." (*The Fallacy of Saving*, p. 143.)

spirit and ambition, broken family bonds, etc.[1] Furthermore, insurance is in some respects a better remedial measure than philanthropy. But, on the other hand, it must be remembered that philanthropy means a transference of wealth from the well-to-do to the poor, while the cost of insurance is borne by the poor themselves.

Social insurance has been useful in preparing the way for more effective measures for the prevention of poverty. By some writers these measures also are called forms of social insurance. And they may appear to be so in the sense that they are directed towards safeguarding the poorer classes from certain dangers. Thus society is trying to insure the welfare of these individuals. But in the strict sense of the word they are not forms of insurance, for they lack the characteristics of mutuality and of saving which are essential to insurance. These measures remove the burden of the cost of this protection directly from the shoulders of the poor and place it in part at least upon other classes in the community. The poor are protected against such dangers as accidents, sickness, unemployment, old age, etc., without any contribution from their own incomes, so that the need for such protection does not lower their standard of living. Let us see what some of these measures are.

During recent years there has been much agitation in favor of workmen's compensation laws which will force employers to compensate adequately their employees who experience accidents in their employ. It is evident that when comprehensive and effective laws of this sort are in existence, it is not necessary for workmen to insure themselves against such accidents. There have been no weighty arguments against workmen's

[1] Pigou discusses at length the variability of the income of the representative working man. He states his conclusion in the following words: —

"It is now thoroughly established that causes tending to diminish the variability of the *consumption* of the representative working man, even though they only effect this by means of reciprocal transferences that augment the variability of the consumption of other people, in general increase national welfare. . . . Hence, we conclude that any arrangement which, other things remaining the same, diminishes the variability of the real income enjoyed by the representative working man, even though it involves a system of reciprocal transferences, which increases the variability of consumption of the representative member of the other classes, tends to make national welfare larger." (*Wealth and Welfare*, pp. 406–7.)

compensation. It has been evident that the risks for the workman in modern industry are great, and that the employer profits because the workman takes the risk. Practically the only opposition has come from those who have to pay for this compensating, namely, the employers. Unfortunately their opposition in this country has so far been sufficiently powerful to prevent a thoroughgoing system of workmen's compensation.

## Pensions

Another method of protecting the poorer classes against dangers which threaten them, at the cost of other classes, or of society as a whole, is by means of non-contributory pensions. The subjects of pensions is much more complicated than that of workmen's compensation. We will discuss the subject mainly with respect to old-age pensions.

We have already noted that it is impossible for the great majority of persons to save enough to provide adequately for old age. Insurance has frequently been urged as a protection for old age. The private commercial insurance companies have issued many kinds of policies which have been used for this purpose by the wealthier classes. But it has been impossible for most of the poor to make use even of insurance, because of the smallness and the uncertainty of their incomes, and frequently also because of their ignorance. Studies of family budgets and other investigations of the standard of living have shown that, even when an insurance policy has been secured by a poor family, it is very likely to be for burial expenses, or for some other purpose which is no protection against the needs of old age.

Hence it is that in some countries the attempt has been made by the state to encourage the taking out of old-age insurance by the poor. This has led, in the first place, to subsidized voluntary state old-age insurance, in which the state has paid part of the cost of the insurance as an inducement to the poor to avail themselves of this form of protection. In the second place, in a few countries old-age insurance has been made compulsory, in some cases with subsidies from the state, and in other cases without such subsidies. We have not the space to describe these state insurance systems here. They have been

fully described elsewhere.[1] As an example of such a system we may cite the *Caisse nationale des retraites pour la vieillesse* in France, and similar institutions exist in Belgium, Italy, Germany, and elsewhere.

But in all of these insurance systems the poor have to beai the weight of at least a part of the cost of the insurance. It is a long step, therefore, from any form of insurance to pensions in the strict sense of the term, namely, non-contributory pensions.[2] There have been many kinds of pensions for old age. Some private concerns have given pensions to their superannuated employees. Many governments have given pensions to their aged officials. Military pensions to those who have fought for their country have been given by many governments. Recently several governments have adopted very extensive pension systems under which all those with small incomes receive pensions in their old age. Some of these countries are Denmark, Great Britain, some of the Australian states, and New Zealand.

## Private Pension Systems

It may be well to say a few words first about private pension systems, and then to pass on to state systems, which are of greater interest and importance. At least three kinds of private pension systems are usually recognized, namely, those conducted by labor organizations, those conducted by fraternal organizations, and those conducted by industrial establishments. But it is evident that the systems conducted by labor and fraternal organizations are not true pension systems, because they are supported by the pensioners themselves. Furthermore, pension systems conducted by industrial establishments are frequently supported in part or entirely by contributions from the employees, so that these also are not true pension systems.

While there are a good many of these so-called pension systems conducted by labor organizations, fraternal organizations, and

[1] See, for example, Rubinow, *op. cit.*, chaps. XXI and XXII.

[2] It is unfortunate that so many old-age insurance schemes have been called pension systems. So-called "pensions by purchase" are not pensions in the strict sense of the term. For clearness of thought regarding these matters it is well to distinguish sharply between insurance and pensions.

industrial establishments in this country, investigations have shown that they furnish support to a comparatively small percentage of those needing assistance in old age. They may go a little further towards solving the problem of old-age dependency in certain European countries, but not even in those countries do they accomplish very much. This is due to the obstacles in the way of insurance for the great majority of the poor which we have already discussed, namely, the smallness and uncertainty of their incomes and frequently their ignorance.

There are still fewer true pension systems supported by industrial establishments in this country,[1] and not many of them in any country. They are therefore of little practical importance at present. It is, however, well to consider the arguments for and against them with a view to the future.

There is much to be said in favor of pension systems supported by employers of labor. When an employee has worked long and faithfully for an employer, it seems just that he should be supported by his employer in his old age. The assurance of such support would certainly increase the happiness and peace of mind of the worker, and thus in most cases make him a better worker. Thus the increased efficiency of the worker might repay the employer in large part if not entirely for the cost of the pensions.

But there are serious objections to be raised against private pension systems. In the first place, they lessen the mobility of labor. It is evident that if a laborer expects to receive a pension from his employer at the end of a period of service, he will hesitate to leave this employer, even though a better opening be offered him elsewhere. That labor should be as mobile as possible is very important, both for the laborers themselves, and for industry and society at large. In the second place, an employer may use his pension system as a club whereby to beat down the salaries and wages of his employees. If he succeeds in lowering the scale of payment below the usual rates, then his system will no longer be a true pension system, but one supported in part or entirely by the workers. In the third place, an employer is very likely to use a pension system as a weapon against labor organizations by penalizing his employees who join such organizations by depriving them of their pensions, so that private pensions

[1] See L. W. Squier, *Old Age Dependency in the U. S.*, New York, 1912, Part III.

systems are very likely to constitute a serious obstacle to the labor movement.

These objections are conclusive against private pensions as a satisfactory solution of the problem of old-age dependency. We must therefore turn to state pension systems in order to determine whether they furnish a solution.

## State Pension Systems

As I have already indicated, there is now a tendency towards extensive state pension systems under which practically all individuals with small incomes will receive a pension. At the beginning of this movement there was a tendency to require numerous qualifications for these pensions. These had to do with age, size of income, period of industrial service, family status, citizenship, long continued residence, moral characteristics, etc. But with the progress of the movement the tendency has been to lessen the number of qualifications to a minimum. So that in some systems there are now few qualifications aside from the requirements with respect to age and size of income.

A number of objections against state pension systems are frequently made, which we must now consider. It is perhaps most frequently contended that a pension system is destructive of a habit of thrift. It is evident from our preceding discussion of thrift that this objection is in the main farcical. This is because under present conditions it is practically impossible for most people to practise thrift, and thus to acquire the habit. But it might still be argued that it is important that pensions should not stand in the way of the development of the habit of thrift. This depends upon a question which we have already discussed, namely, as to whether it is more important to save or to raise the standard of living. But in any case, so far as I know, in every state pension system, and, for that matter, in every private system as well, there is room left for the encouragement of thrift. The pension paid usually is very small, frequently being only a fraction of the pensioner's former income. So that if the pensioner wants to keep up his former standard of living, he must save in order to do so when he has become a pensioner. It is true that in the state systems there is almost invariably a limit upon the amount a pensioner may own, and upon the size

of his income outside of his pension. But few workmen are likely to save up so large an amount that the income from their capital will be great enough to exclude them from receiving a pension.[1] So that a pension system is not likely to stand seriously in the way of the development of the habit of thrift.

Another argument against old-age pensions has been that it has an injurious effect upon family solidarity. This objection is based upon the ancient idea that it is the duty of the younger members of a family to care for their aged relatives. From some points of view this may be an admirable thing for them to do. But it is obvious that in many cases they are unable to do this, or are able to do it only at the cost of lowering their standard of living considerably. It is evident that a fall in the standard of living of a large number of individuals and of families is a serious thing for society, and it may well be questioned whether it is wise and justifiable to force upon those whose incomes are al-

[1] For example, in the British pension system a pensioner may have an annual income up to £21, and yet draw the highest pension which is 5 shillings a week. So that if this income was from property at the rate of four per cent, it would be possible for the pensioner to own a little over £500, and yet secure the highest pension. But in some countries a limit is also placed upon the amount of property which can be owned, because otherwise a candidate for a pension may invest his property at a low rate of interest in order to secure a pension. Thus in New Zealand the limit is £260 and in Australia £310. (See Rubinow, *op. cit.*, chap. XXIII.)

Rubinow sums up well the effect of an old-age pension system upon thrift in the following words: —

"Does the prospect of an old-age pension decrease the habit of thrift? And is this possible effect an argument against old-age pensions? In every one of the existing pension systems a certain amount of property and income is permitted to the old-age pensioners. The fact that from one-fourth to three-fourths of the people reaching that age do not possess the necessary income shows that there was either no habit of thrift to destroy or that the conditions of life and wages were such that thrift was impossible. In other words, the argument, to be consistent, should be, not that the system of old-age pensions destroys the habit of thrift, but that it interferes with the upbuilding of such a habit, and that if such a habit were capable of upbuilding the level of wages, it might then offer a solution of the old-age problem. But this theory is so emphatically contradicted by all known results of studies of wages and the standard of living, that it really does not seem to need any formal refutation. In so far as the standard of wages may be influenced by the worker himself, it is not the habit of thrift but his standard of life that succeeds in making them." (Rubinow, *op. cit.*, p. 381.)

ready so inadequate the additional burden of caring for the superannuated members of their families. In order to maintain as high a standard of living as possible for the great mass of the people, it seems very desirable that society should furnish a means of support for the indigent aged, which would remove the burden of their support from their poor relatives. This will not necessarily weaken the bonds of affection between these relatives. Indeed it may in some cases increase the affection of the younger members for their aged relatives, for they will no longer be harassed by the necessity of supporting them.

Furthermore, it should be remembered that it is necessarily a humiliating experience for the aged to become dependent upon the younger generation, and they should if possible be spared this humiliation. While it is natural for the young to be dependent upon the parents who have brought them into the world, and for that reason the young will always be dependent usually upon their parents, it is not natural for the old to be dependent upon the young. On the contrary, it should be the ideal of society that no individual after reaching maturity should be forced to become dependent upon any other individual. Each adult should have the opportunity to earn his or her own living so long as he or she is able, and then be supported through the period of disability by a social agency, if the ownership of property acquired through saving or otherwise does not furnish a sufficient income.

But the principal objection raised against non-contributory pensions is that of their apparent cost to society. It is true that the cost of a thoroughgoing system of state old-age pensions in a large country mounts up into the many millions. In the first place, however, it must be remembered that there are a number of compensating factors to these pensions, which pay at least a part of their cost. In the second place, they may be well worth their cost to society, however great that may be.

It is evident that a pension system is certain to lessen to a large extent the amount expended upon poor relief. Many of the pensioners are individuals who, if they did not receive their pensions, would have to depend upon indoor or outdoor relief, Furthermore, their families are not so likely to become dependent, if they do not have to bear the burden of their support. By some writers it is asserted that the effect of a pension system is

to encourage and keep up the spirit of the working class because of the assurance of support in old age. Consequently not so many are likely to become discouraged, and thus become dependent.

Another way in which the cost of a pension system can be compensated for in part is by substituting industrial for military pensions. It is evident that our present system of military pensions is to a large extent an old-age pension system, but one which is very undiscriminatingly administered. When we consider that about one hundred and seventy millions of dollars are being spent each year upon this system, it is evident that there is an enormous sum available for use in a general system of old-age pensions.[1] If, as the old soldiers die off, this money could be turned into pensions for the old soldiers of the industrial army, it would indeed go far towards solving the problem of poverty and destitution in old age.

It is natural that the objection to the cost of non-contributory pensions should be raised by members of the classes which do not benefit by them, and who are frequently thought to pay the cost of these pensions. It is true that these pension systems have usually been based upon income taxes, inheritance taxes, etc., the incidence of which falls presumably upon the wealthier classes. But it is also doubtless true that some of the incidence of this taxation does in the last analysis fall upon the poorer classes, so that these pensions are not after all entirely non-contributory, but are partially contributory. To this extent, therefore, the wealthier classes cannot raise the objection of cost, since the poor are bearing part of the cost themselves.

[1] The following data, taken from the latest available report of the U. S. Commissioner of Pensions, are of interest in this connection. (*Annual Reports of the Department of the Interior for the Fiscal Year Ended June 30, 1914*, Vol. I.)

EXPENDITURES FOR PENSIONS

| *Years* | *Paid as pensions* | *Cost of administration* | *Total* | *No. of pensioners* |
|---|---|---|---|---|
| 1866 to 1913 | $4,461,094,380.45 | $125,871,965.64 | $4,586,966,346.09 | |
| 1914..... | 172,417,546.26 | 2,066,507.15 | 174,484,053.41 | 785,239 |
| Grand total | $4,633,511,926.71 | $127,938,472.79 | $4,761,450,399.50 | |

At the beginning of the year 1914 there were on the pension roll 462,379 Civil War soldier pensioners, all of whom were 62 years of age and over.

So far we have been discussing pensions for old age. Pensions are also granted sometimes to orphans, to widows, and to certain other dependent groups. It is evident that orphans are frequently left dependent, and a pension system may sometimes be the best method of assisting them. But the system should be carefully administered with a view to making them self-supporting by the time they attain maturity. Widows also are frequently left dependent, because they have young children to rear, or because they are incapable of supporting themselves. A pension system may sometimes be a good method of assisting them, but it should be carefully administered with a view to making them self-supporting as soon as possible. The need of such assistance to widows will steadily lessen as women are trained for self-support, and become as a rule economically independent.

### Insurance, Pensions, and the Prevention of Poverty

We have now reviewed briefly the effectiveness of insurance and of pensions as measures to be used against poverty. We have seen that insurance does not increase the wealth of the poor, though it may tend to even up the consumption of their incomes in such a fashion as to give them more satisfaction. It cannot therefore be regarded as an important preventive measure against poverty, in spite of the exaggerated claims made for it by some of its advocates.

Where payments are made to the poor in the form of compensation, pensions, etc., either by the employers under the compulsion of the state, or by the state directly, the wealth of the poor may be increased somewhat. It is true, as we have already noted, that the incidence of the cost of these payments may in part fall indirectly upon the recipients. But rarely if ever would all of the cost fall upon the recipients, and probably in most cases the larger part of the cost remains upon the wealthier classes, because they are much larger consumers proportionately than the poor, and consequently bear more of the burden of the rise in prices which these levies on employers and taxes by the state may cause.[1]

[1] Rubinow sums up his discussion of the incidence of the cost of social insurance in the following words: —

"At best the tendencies in the shifting and incidence of the cost of social

But even a pension system is at best a stop-gap which does not change to any great extent the distribution of wealth. So that we shall now pass on to the discussion of the more fundamental measures which will raise materially the incomes of the great majority, and will cause a decided change in the distribution of wealth.

insurance which have just been indicated, work imperfectly. No shifting takes place absolutely automatically without meeting opposition, and without losing some part of its momentum. It is much easier for the working class to resist the employer's effort to shift the cost upon them, than to try to shift the cost upon the employers. And for this reason that the adjustment can never be perfect, it is extremely important to place the cost in the very beginning upon that class which can best afford it. But in the final analysis, it is from the fund of rent, interest, and profit that the largest part of the cost is paid." (*Op. cit.*, p. 493.)

Lewis discusses the same point in the following words: —

"It is said that if these charges, however the incidence may be adjusted, result in a higher cost of production, it will react upon the workman in an increased cost of living. But it must be remembered that the workman is not a consumer to the same extent that he is a producer. It has been authoritatively stated that one-fourth of the people of the United States consume two-thirds of its income and that of the other three-fourths, two-fifths consume more than the remaining three-fifths; in other words, two-fifths of the total population, comprising perhaps the majority of workmen, do not consume per capita more than one-eighth or one-tenth as much as the richer one-fourth. Obviously the workmen may not suffer as much from an increase in prices as he gains by the higher rate of wages which contributes to higher prices." (F. W. Lewis, *State Insurance*, Boston, 1909, p. 144.)

## CHAPTER XXIV

# THE PROBLEM OF THE PREVENTION OF POVERTY

Summary of remedial measures — Social legislation — The utility of social legislation — A national minimum — Preventive measures — Survey of the present state of society.

We must now distinguish between remedial and preventive measures against poverty. Remedial measures, as the term indicates, remedy somewhat the evils of poverty for those who are already poor. As a rule they do not lessen the amount of poverty, for they do not usually raise the poor to whom they are applied above the poverty line. The most that they ordinarily accomplish is to alleviate somewhat the misery caused by poverty. Preventive measures, on the contrary, are directed towards removing the original causes of poverty, and, consequently, are successful to the extent that they lessen poverty.

### Summary of Remedial Measures

It is evident that remedial measures may be practised to a considerable extent without any knowledge of the causes of poverty. But it is utterly impossible to apply preventive measures with any degree of succees without an adequate comprehension of the causes of poverty. A philanthropist may observe the misery caused by poverty and readily discern how this misery may be alleviated without any knowledge of the causes of this poverty. But no one can do preventive work successfully without an extensive knowledge of the underlying causes and conditions of poverty.

It is possible for measures against poverty to be both remedial and preventive in their character. Thus if remedial measures raise certain individuals above the poverty line, they may prevent poverty to the extent that it has been caused by the poverty of these individuals. But in many, perhaps most, cases remedial and preventive measures are distinct, and may indeed

be opposed to each other, as when remedial measures stand in the way of preventive measures, or when preventive measures cause more misery temporarily.

We have already discussed some of the remedial measures against poverty. We have seen that philanthropic methods are remedial measures which relieve some of the evils arising out of poverty. But while these methods may sometimes indirectly prevent a little poverty, they are likely also to cause a certain amount of poverty. So that it is frequently doubtful whether they have done more good than harm. In any case, it is obvious that philanthropic methods do not remove the fundamental causes of poverty.

We have seen that eugenic methods can be used only to a very slight extent at present. But what is more important, we have also seen that, even if eugenic measures could be applied to the highest possible degree, we have no reason to hope that they would have much effect in preventing poverty. Such measures may have a little preventive effect by eliminating a few of the individuals whose personal traits are socially undesirable. But this will not change the forces for poverty in the environment and in the economic and social organization.

We have seen that thrift or saving is in the main a remedial measure, and can have little preventive effect. It is true of saving, as it is of most if not all remedial measures, that it can at best benefit only a part of the poor. This is because, as we have pointed out in an earlier chapter, if every one tried to save enough to furnish an adequate income in time of adversity, the supply of capital would become so large that the rate of interest would fall, so that the advantage of saving would be nullified for all. The essential feature of saving as an effective remedial measure against poverty is that it must lead to the ownership of sufficient property to furnish an adequate income, and it is economically possible for only a very small proportion of society to live for more than a small part of their lives on the income from the ownership of property. However, the discussion of saving and insurance in the preceding chapters has raised certain fundamental questions of distribution and production, a consideration of which furnishes a suitable introduction to the thoroughgoing preventive measures which we are about to discuss.

Since these remedial measures cannot remove the fundamental causes of poverty, it becomes necessary to look elsewhere for effective preventive measures. In the course of our search we must consider as to what measures, if any, can have any material effect in preventing poverty, and if there is any ground for hoping that poverty can sometime be entirely abolished. Let us consider first certain measures, some of which we have already mentioned, which are frequently called preventive measures.

Social work nowadays is more or less pervaded with the idea of prevention. For example, the social settlements are endeavoring mainly to change the general living conditions of the dwellers in their neighborhoods, rather than to aid individual indigents. There are many special movements for the prevention of various things, such as the construction of bad dwelling houses; the spread of specific diseases, such as tuberculosis, etc. But this idea of prevention is still more widespread, and manifests itself here and there throughout society. For example, the welfare work now being carried on by many employers for the benefit of their employees, while it is due in part to a philanthropic motive, is also inspired in some cases by the idea of preventing poverty. Thus they are led to furnish sanitary conditions in their factories, to provide means of recreation, to build comfortable dwelling houses for their workingmen, etc., in order to prevent these employees from falling into poverty through ill health or otherwise.

## Social Legislation

But perhaps the most prominent form in which the idea of prevention is manifesting itself at present is in the movement for what is ordinarily called social legislation. It is a little difficult to determine what is meant by social legislation as distinguished from other kinds of legislation. It is evident that most legislation is social in the sense that it affects all of society. In our modern constitutional democracies there is comparatively little legislation which is openly and directly for the benefit of individuals and classes. But when we analyze what is ordinarily meant by the term social legislation by those who use it, we find that they apparently mean legislation in the interests of the poorer classes. This seems to be contrary to the democratic idea in modern government. But it is justified by

its supporters on the ground that these classes are put at a disadvantage in the existing economic organization, and that therefore they should be aided by political means. Granting this, there is no objection which can be made against such legislation upon political grounds. But it still remains to be determined whether such legislation constitutes an effective preventive measure against poverty.

It may be well, to begin with, to mention some of the more important forms of social legislation. A good deal of this legislation is called labor legislation. This is because it has to do with the conditions of the so-called working or laboring class. This is made up of the wage-earners, among whom most of the poor are to be found. This terminology is not entirely accurate, because it implies that the other classes in the community do not work, whereas it is well known that most of the members of these other classes work as much as the members of the working class. However, for purposes of convenience we shall follow the usual terminology.

Some of this social legislation regulates the physical conditions in factories and workshops with a view to conserving the health and safety of the employees. Such factory legislation includes regulations with respect to sanitary conditions, such as ventilation, suitable toilet facilities, etc.; overcrowding in the shops; dressing and rest rooms for the employees; protection against fire; and many other regulations of factory conditions. An important branch of labor legislation deals with child labor, with the object of preventing children below certain ages from working at all, and older children up to certain ages from working to such an extent as to interfere with their going to school. Such legislation sometimes prohibits those who are below certain ages from engaging in certain kinds of occupations which are harmful to the young either physically or morally. Other labor legislation regulates the labor of women with respect to the kinds of occupations they can enter, their hours of labor, the time of day when they can work, the periods during which they can work with relation to pregnancy and childbirth, and in many other ways. Child and woman labor legislation bring out very forcibly the peculiar character of social legislation, because these are classes of workers which are in special need of protection.

Another important branch of labor legislation for many decades past has been the regulation of the number of hours of labor. Such legislation is for the purpose of preventing the overworking of the workers, and of giving them some time for recreation and cultural development. As a result of a good deal of legislation of this sort and of trade union activity, the general range of the hours of labor has fallen from twelve hours and more to ten hours and less, while a great struggle is now going on for a general eight hour day.

Perhaps the most important form of labor legislation has to do with the regulation of the rates of wages by means of minimum wage laws, etc. We shall have occasion in the following chapter to discuss at considerable length this form of social legislation.

The legislation with respect to social insurance, workmen's compensation, and pensions, which we discussed in the last chapter, is a form of social legislation which is attracting a great deal of attention at present. This kind of legislation also well illustrates the characteristic feature of social legislation, for it is directed toward giving special assistance to certain classes in the community.

There are various other forms of legislation which may be put under the head of social legislation. For example, most if not all of tenement house legislation may be called social legislation, because most of the dwellers in tenements are of the working class. This is especially true of tenement house legislation, when it regulates such matters as the kind of work which can be carried on in tenement houses.

## The Utility of Social Legislation

It is evident that the important question for us is as to the extent to which social legislation prevents poverty. To begin with, we may note that the aim of all such legislation obviously is desirable. It certainly is to be desired that conditions in factories should be sanitary; that children and women should not work when it is physically injurious to them (and the same should be true of men as well); that the hours of labor should not be too long; that wages should not fall below a certain minimum; etc. But the question is as to whether such legisla-

tion in the long run lessens poverty at all, or to any material extent.

At first sight it may appear that this must be true of all social legislation. For example, if workers are not subjected to insanitary conditions in factories, they are less likely to become diseased, and thus be prevented from earning a living; if children do not injure themselves by working at too early an age, and acquire more education, they will be more efficient workmen during their mature life; if the hours of labor are restricted, workmen are not so likely to become prematurely old through overwork; if wages cannot fall below a certain minimum, it may serve to keep a larger number above the poverty line. But social legislation may not have this direct result at all, or may have it only to a very slight extent. In the second place, social legislation may indirectly serve as a hindrance to more effective preventive methods.

Let us illustrate, for example, with respect to child labor legislation. However desirable it may be to prevent the young from working below a certain age, if it be true that when they reach the higher age, at which they are permitted to work, the opportunities for work are no more numerous, and the rate of wages is no higher than if they had started to work at an earlier age, it is obvious that they will be no better off and that the amount of poverty will not have been lessened. Now it is impossible to measure directly the effect of child labor legislation. But it is highly probable that this legislation has lessened poverty a little, principally because it has decreased the number of workers, thus increasing the number of jobs in proportion to the number of workmen. However, on the other hand it must be remembered that the incomes of some families have been lessened by such legislation, and that they have been brought closer to poverty. Furthermore, such legislation can have no effect in expanding industry so as to meet the demands of the labor supply for opportunities to work and to earn a living wage. So that at most the net result of child labor legislation cannot lessen poverty to any great extent.

The same may be true of all forms of social legislation. For example, it may appear as if minimum wage legislation must certainly be preventive of poverty, because if the minimum is set sufficiently high it will keep the workers above the poverty

line. But, on the other hand, it is asserted by many critics of such legislation that it is bound to result in throwing many workers out of work, so that the net result might be an increase rather than a decrease of poverty. However, it is quite likely that this form of social legislation will prove to be the most effective in preventing poverty, as we shall see when we discuss the subject presently.

It is therefore highly probable that most if not all of this social legislation can never accomplish very much in the way of preventing poverty. It is certain that such legislation is beneficial to individual members of the working class. But however much the members of the working class may be improved physically and mentally, so as to become more efficient workmen, it is doubtful if such an increase in efficiency is likely to lessen materially the amount of poverty without a corresponding change in the economic organization of society. So long as wealth is distributed according to the present method, and so long as industry does not expand adequately in response to an increase in the labor supply, it is not to be expected that poverty can decrease materially.

Furthermore, social legislation may stand in the way of more effective preventive methods. This may happen, in the first place, by distracting the attention of well-meaning people, who are sincerely desirous of lessening the amount of poverty, from more fundamental methods. It is true of a good many humanitarians today that they have realized the ineffectiveness of philanthropy, and think they have found sufficiently effective methods in social legislation. They think so because they exaggerate greatly the ultimate results from such legislation as we have discussed. They are not yet capable of seeing the need for and the much greater results from such fundamental methods as those mentioned in the last paragraph.

In the second place, social legislation may be used as a concession and a sop, in order to avoid the application of more fundamental measures. We have already noted that capitalistic interests may use philanthropy for this purpose. But when philanthropy no longer serves this purpose, it may become necessary for the capitalistic, aristocratic, or dynastic interests to make further concessions in the form of social legislation. It is doubtless true that much of the social legislation in Germany

during the last few decades has been a sop to the working class, in order to induce them to desist from pressing their demands for more drastic socialistic measures.[1]

But while social legislation cannot accomplish much directly towards the prevention of poverty, and may sometimes serve indirectly as a hindrance, it is nevertheless a necessary step towards more fundamental measures. This is so, if for no other reason, because many people have to be educated through social legislation to see the need for more fundamental measures. It is, however, desirable that the limitations of social legislation as a means for the prevention of poverty should be realized as soon as possible, in order to clear the way for more effective measures.

## A National Minimum

It may be well at this point to speak of the idea of a national minimum, which has been crystalizing during recent years. This idea is that a minimum standard of working conditions, wages, and living conditions should be established for the poorer classes, and that no one should be forced or even permitted to fall below that standard. It is well to give this idea currency among the poor, and among those who are interested in their welfare. For as soon as it is generally believed that no one should live under conditions below this standard, efforts will be redoubled to bring into being a state of society in which no one will be forced to live below such a standard. Social progress consists in considerable part in the establishment of new and higher standards, and this should be true with respect to the standard of living of the poorer classes as with respect to other matters. As soon as such an idea of a minimum standard becomes prevalent, it will become a powerful force for bringing this standard into existence in real life. Furthermore, this standard should, with the spread of civilization, become in course of time the minimum for the whole world.

[1] This is indicated by the following passage in the speech from the throne in the German Reichstag in 1881: —

"His majesty hopes that the measure (accident insurance) will in principle receive the assent of the federal governments, and that it will be welcomed by the Reichstag as a complement of the legislation affording protection against Social-Democratic movements." (Quoted in *Harper's Weekly*, Nov. 27, 1915, p. 514.)

## Preventive Measures

Having discussed the measures which are primarily and mainly remedial in their character, and only incidentally when at all preventive, we must now turn to the measures which are preventive of poverty in a fundamental sense. As we have noted at the beginning of this chapter, preventive measures can be practised only on the basis of an extensive knowledge and an adequate comprehension of the causes and conditions of poverty. In the first half of this book we have assembled a large amount of data with regard to the causes and conditions of poverty, a knowledge of which will be assumed in the course of the remainder of the book. The significance of these data will become more apparent as we discuss the thoroughgoing preventive measures which are suggested by our knowledge of the causes and conditions of poverty.

In the last chapter of the first half of this book [1] we have summarized this knowledge of the causes and conditions of poverty, to which summary the reader is now referred. This summary indicated that poverty is a social phenomenon which is closely identified with the organization and constitution of society as it exists at present, and as it has usually existed in the past. In order, therefore, to aid us in determining how poverty may be greatly diminished or abolished by preventive measures, it is desirable to make a brief survey of the present state of society, in order to determine what features of society as it now exists will in all probability have to be changed in order to bring about this reduction in the extent of poverty.

It is evident that to make such a survey is no easy matter, for the organization of society is a very complex thing, so that it is very difficult for the human mind, with its obvious limitations, to visualize it comprehensively. We may, however, succeed in doing so to a degree sufficient to enable us to discern more clearly the principal causes of poverty. We shall then be in a better position to consider how poverty may be prevented by removing these causes. We do not, however, hope to propose any complete program for the prevention of poverty. Indeed, we shall be doing well if we succeed in stating more or less effectively the problems involved.

[1] *Supra*, chap. XVI.

Perhaps the most striking feature of the existing economic organization of society is that under the regime of private business enterprize the greater part of the means of production is owned by a comparatively small number of individuals, while the immediate control of most economic activities is in the hands of a still smaller number of individuals. The result is that most of the workers are put at a decided disadvantage in securing their share of the amount produced by society. Since the beginning of the modern industrial organization, and perhaps for a much longer period, the workers have not been able to influence to any great extent their share in the distribution of wealth.[1] This has been determined by such factors as the richness of the natural resources, the density of the population, the accumulation of capital, the form of business enterprize, etc.; all of which are factors over which they have had little or no immediate control.[2] In view of this fact it is not surprising that there is the great inequality in the distribution of wealth and the enormous concentration of wealth in the hands of a few which we have discussed in an earlier chapter.

Another significant feature of modern economic organization is the great instability of industry. The principal illustration of this instability is to be found in the alternation between the periods of depression and of prosperity which takes place in the trade cycle. But at all times there is more or less instability, since industrial concerns are failing, or are overproducing and thus preparing to fail. The fundamental cause for this instability is the difficulty of obtaining an adjustment between the supply of and the demand for economic goods. Now it goes without saying that this difficulty has always existed, and always will exist to a certain extent. But in the past society was organized in the main in small communities which were

[1] We shall discuss later the extent to which they have done this through collective bargaining.

[2] It is interesting to note the effect upon the workers of this country of the European war, for which they are obviously not responsible. For the first few months the war had a very depressing effect upon industry in this country, and consequently unemployment was rife. But at the time of the present writing, when Europe is making a heavy demand for various commodities upon this country, and when belligerent nations are calling many of their reservists who are workers in this country, it looks very much as if the war will enhance the wages of the workers of this country.

more or less self-sufficing economically. Consequently producers were in close touch with the consumers of their products, and could adjust their output more or less accurately to the demand. Under the present large scale, machine system of production it takes a great deal of capital to start most industrial enterprizes, and in many cases takes the producers a long time to discover the nature and extent of the demand for their goods. Consequently the chances for over-production and for business failure are greatly increased. The results are a vast amount of unemployment for the workers, and bankruptcy for many capitalists and enterprizers.

Another cause of poverty which should be prevented as far as possible is the waste of economic goods. Whether or not there is proportionately more waste now than there has been in the past, it would be difficult to determine. But it is not important for our purpose to decide this question. What is important is to determine the causes of waste, and to discuss how they may be removed. It is evident that the instability of industry mentioned above causes a great deal of waste, through the loss of labor force and the dissipation of capital. A good deal is wasted through excessive luxury and extravagance in consumption. Advertising constitutes an enormous waste in modern society, while the middlemen and hangers-on of our industrial system cause still more waste. Many more forms of waste might be enumerated had we the space to do so.

The amount produced by society could be greatly increased if the efficiency of the workers were improved. By means of vocational training, scientific management, etc., workers could be distributed in industry more nearly in accordance with their natural aptitudes, and would be far more efficient because they would do their work by means of scientific methods. But to increase the efficiency of the worker is not sufficient if he is not given an opportunity to work. It would also be necessary to increase the opportunities for production, so that all of the human talent available could be used in the industrial system. Some of those who have written on this subject are of the opinion that with an increase in the efficiency of the workers would come automatically, so to speak, an increase in the opportunities for productive work. But this is a difficult problem to solve, and we shall give some attention to it presently.

It is evident that the prevention of poverty involves fundamental problems both of the distribution and the production of wealth. This is well illustrated in the factors for poverty mentioned above. For example, the first factor mentioned, namely, the disadvantageous position of the worker, involves mainly a problem of distribution. The next three factors involve mainly problems of production, but also problems of distribution. For example, much of the excessive luxury and extravagant expenditure would be prevented if there were not the present great concentration in the ownership of wealth.

In the remaining chapters we shall, therefore, deal with some of the measures which may be used to remove some of these causes of poverty. We shall discuss various measures for changing the distribution of wealth so as to make it more equitable, such as co-partnership and profit sharing, coöperation, wage legislation, collective bargaining, price regulation, taxation, etc. We shall discuss various methods of increasing the productiveness of society, such as the elimination of waste, steadying business enterprize, stabilizing industry and workingmen's incomes, increasing the efficiency of the workmen, etc.

Finally we shall discuss the extent to which it may be possible to organize society upon the basis of an industrial democracy. This will involve a discussion of the two forms of social organization, one of which society will probably assume in the future. The one is an organization with its industry based upon private enterprize, such as we now have; but with a sufficient amount of governmental regulation to guarantee all citizens minimum living conditions, thus abolishing poverty. The other is some form of industrial democracy; such as socialism, or some other form of collectivism. Poverty could hardly exist in such a democracy because of the high degree of mutual dependence which would necessarily obtain therein.

## CHAPTER XXV

# THE RAISING OF WAGES AND THE REGULATION OF THE LABOR SUPPLY

The trend of wages — Methods of increasing the incomes of the poor — Wage legislation — Regulation of wages through industrial conciliation and arbitration — The legal minimum wage — Wage commissions — The results from minimum wage legislation — Limiting the natural increase of population — Restriction of immigration — Lessening the hours of labor — The combination of workers.

In an earlier chapter we have adduced a good deal of data with regard to the distribution of wealth and incomes in this country, which showed conclusively that a large part of the wealth of the country is owned by a very small part of the population, while the vast majority of the population receive very small payment for their services. These data will be assumed in the discussion in this chapter of the measures by means of which the payment for services can be increased, and in the following chapter in the discussion of the measures by means of which the income from the ownership of property can be more widely distributed.

### The Trend of Wages

It may be well first to discuss the trend of wages at the present time. Since the great majority of the poor belong to the wage-earning class, a decided rise in the scale of wages would do much to prevent poverty. So that if we find that the trend of wages is upward, it may not appear necessary, so far as poverty is concerned, to take any measures to increase the payment for services. Up to the present time there has been little attempt in this country to influence the scale of wages by legislative action or similar means. And if we find that the unregulated forces which are today determining the scale of wages are spontaneously bringing about a rise, it may not appear advisable

to interfere with this spontaneous movement by attempting to stimulate it.

It is very difficult to ascertain the trend of wages. It is evident that the changes in the money wages do not give an accurate indication of the trend of real wages. Even though money wages have risen considerably in recent years, there are at least two forces at work to keep down the rate of real wages. In the first place, the standard of value, namely, gold, has been depreciating.[1] In the second place, the cost of living has been rising, partly on account of the depreciation in the standard of value, but also for other reasons.

One of the most careful computations of the recent trend of wages has been made by Rubinow. On the basis of statistics gathered by the Federal Bureau of Labor Statistics, the Census Bureau, and from other sources, he has computed the following figures for changes in wages in this country during the period 1890–1912. Expressed in terms of indices, nominal or money wages increased during this period from 100.2 to 141.5 for hourly wages, and from 101.3 to 131.6 for full time weekly earnings per employee. But during this period the real wages, computed in terms of purchasing power measured by the retail prices of food, fell from 98.3 to 91.8 for hourly wages, and from 99.4 to 85.3 for weekly earnings. Inasmuch as the retail prices of food rose from 101.9 to 154.2 during this period, it is easy to see why real wages were falling, even though nominal wages were rising rapidly.[2]

Rubinow comments upon this fall in real wages in the following words: — "In years of falling or even slowly rising prices, the American wage worker was able to hold his own or to improve his con-

[1] The world's output of gold has increased enormously during the last few years. In 1891 it was $130,650,000, while in 1912 it was $466,136,100. From 1906 to 1913, inclusive, it amounted to over four hundred millions of dollars each year. It has been estimated that the production of gold during the last twenty-five years has very nearly if not quite equalled the total production during the four hundred preceding years. (See W. E. Clark, *The Cost of Living*, New York, 1915, pp. 82–98.)

It is evident that this enormous increase in the world's supply of gold could not fail to depreciate its value, unless the demand increased to a corresponding degree, which has not been the case.

[2] I. M. Rubinow, *The Recent Trend of Real Wages*, in *The American Economic Review*, Vol. IV, No. 4, December, 1914, p. 811.

dition to a slight extent. But when confronted with a rapidly rising price movement (accompanied as it was by a violent growth of profits), the American wage worker, notwithstanding his strenuous efforts to adjust wages to these new price conditions, notwithstanding all his strikes, boycotts, and riots, notwithstanding all the picturesque I. W. W.-ism, new unionism, and the modish sabotage, has been losing surely and not even slowly, so that the sum total of economic progress of this country for the last quarter of a century appears to be a loss of from 10 to 15 per cent in his earning power." [1]

And again he says: — "With fewer children to support, with women young and old, married or unmarried contributing to the family budget, or at least partially relieving it of a certain share of the burden, the wage workers of America were able to raise their standard of living, to lead a somewhat easier life. But this does not mean a larger return for their labor. As far as the purchasing value of their wages is concerned, it had probably increased slightly (though by no means as rapidly as is asserted) between 1870 and 1890. But since 1900 it has been rapidly falling. The purchasing powers of wages in 1913 are not much higher than they were in 1870." [2]

This conclusion may seem startling, and hard to believe. And yet it is corroborated by the results of other investigations of the same question.[3]

[1] *Op. cit.*, p. 813. [2] *Op. cit.*, p. 817.

[3] A similar trend of wages seems to exist in European countries. For example, this appears to be true in England. According to the Board of Trade index figures, wages in that country increased, during the period 1895–1910, from 89.1 to 101.2. But, during the same period, wholesale prices increased from 91.0 to 108.8, and London retail prices increased from 93.2 to 109.9, so that real wages must have fallen. (*Cf.* L. G. Chiozza Money, *Things That Matter*, London, 1912, chap. I.)

It may be of interest to note that Rogers, the historian of English labor, writing about thirty years ago, expressed the opinion that so far as real wages are concerned English laborers are no better off than they were about the middle of the fifteenth century, namely, more than four centuries ago. "Some of the working classes in London, and those who have been long educated in the machinery of labor partnerships, have at last regained the relative rate of wages which they earned in the fifteenth century, though, perhaps, in some particulars, the recovery is not complete." (J. E. Thorold Rogers, *Six Centuries of Work and Wages, The History of English Labour*, New York, pp. 538–9.) During the decades immediately preceding the time when Rogers wrote English real wages probably were rising, but since that time have apparently ceased to rise.

For example, King, who has studied it by a different method, arrives at a similar conclusion, though he does not place the beginning of the fall in real wages as far back as does Rubinow: — "From 1865 to 1896, the general trend of real wages was very steadily toward higher levels, except for temporary backsets. After 1896, the progress upward ceased and, since 1906, there are some suspicious indications of a general decline. The important feature is that the ascent has been checked, and that, right in the face of the greatest industrial development that the world has ever seen.[1]

And yet, after all, this situation is not surprising, when we consider its causes. As is well known, prices have in recent years been rising rapidly, partly on account of the depreciation in the value of gold which has been caused by the great increase in the output of this metal and by the expansion in exchange facilities. Wages, as a rule, do not change so rapidly as prices, consequently money wages have not gone up so fast as prices, so that real wages have fallen. Furthermore, as we have discussed at some length in an earlier chapter,[2] there is much reason to believe that during the last few decades population in this country has reached the point where it is beginning to exert pressure upon the natural resources. Whenever this point is reached, it is inevitable that competition among workers must become very keen, unless some attempt is made to regulate it. The inevitable result of such unregulated competition is a lowering of real wages. In view of these facts with regard to the present trend of real wages, it is apparent that it is not safe to leave the distribution of incomes to the spontaneous forces of a depreciating standard of value, competition, an uncontrolled birth rate, unregulated migration of workers, etc. On the contrary, it is highly desirable in the interest of the social welfare to direct and regulate these forces.

In order to prevent the effect of fluctuations in the standard of value, it would be most desirable to devise a stable standard of value, notwithstanding the fact that when the standard of value appreciates it is likely to raise real wages. Various schemes for a stable standard of value have been suggested, which we have not the space to discuss here.[3] But even if a

[1] W. I. King, *The Wealth and Income of the People of the United States*, New York, 1915, p. 193.

[2] *Supra*, chap. XIII.

[3] Perhaps the best known of these schemes now being discussed is the

stable standard of value were put into operation, it would remove what is at most only a temporary and relatively unimportant cause for the great inequality in the distribution of incomes. So that we must turn to more fundamental methods of dealing with this evil.

## Methods of Increasing the Incomes of the Poor

As I have already suggested, there are two ways in which the incomes of the poorer classes may be raised. The rate of payment for their services may be increased. Or they may be given a share in the ownership of the capital of society, thus deriving an income from the ownership of property. Various methods of increasing these incomes in each of these ways have been proposed and used, the more important of which I will now mention.

The rate of payment for the services of these poorer classes may be raised by legal regulation of wages, such as minimum wage legislation. It may be increased by limiting the available labor supply; and this may be accomplished by lowering the birth rate, by restricting immigration, by lessening the hours of labor, etc. It may be increased by collective bargaining on the part of the workers themselves.

The poorer classes may be given a share in the income derived from the ownership of property by various methods. They may be given shares in the profits of their employers, through profit sharing and co-partnership schemes. They may organize co-operative enterprizes from which they derive all of the profit. They may share indirectly in the interest and profits of the cap-

"compensated dollar" suggested by Irving Fisher. Fisher describes this scheme briefly in the following words:—"In brief, the plan is *virtually* to vary each month the weight of the gold dollar, or other unit, and to vary it in such a way as to enable it always to have substantially the same general purchasing power. The word 'virtually' is emphasized, lest, as has frequently happened, any one should imagine that the actual gold coins were to be recoined at a new weight each month. The simplest disposition of existing gold coins would be to call them in and issue paper certificates therefor. The virtual gold dollar would then be that varying quantum of gold *bullion* in which each dollar of these certificates could be redeemed." (*Objections to a Compensated Dollar Answered*, in *The American Economic Review*, Vol. IV, No. 4, December, 1914, p. 819.) He has described the scheme at great length in his books entitled *The Purchasing Power of Money*, New York, 1911; *Why is the Dollar Shrinking?* New York, 1914; *Standardizing the Dollar*; etc.

italists and enterprizers, through the legal regulation of prices, or through the taxation of the wealthy.

The incomes of the poorer classes would be increased in both of these ways under socialism, or any form of collectivism which proved to be workable. They would doubtless be paid more for their services, for free competition would no longer be permitted to force wages below a comfortable living standard. They would share equally with the rest of society in the income derived from the capital wealth of society, for this wealth would now be owned collectively, so that society would no longer be divided into the classes of those deriving a property income and those without such an income.

Let us now consider briefly these methods by which the incomes of the poorer classes may be raised. We will discuss first the methods by which the rate of payment for their services may be raised.

## Wage Legislation

The simplest way of raising the rate of wages appears to be by means of legislative enactment. In the past there has been a good deal of governmental regulation of wages. At present there is a strong movement towards minimum wage legislation. But the subject is a very complicated one, so that we shall first state some of the issues involved.

It is evident that industry is at present based in the main upon competition. That is to say, rates of wages, price levels, and profits are determined largely by competition between the laborers, between the producers, etc. As a result of their study of this condition, some economists have arrived at the conclusion that a state of absolutely free competition in the economic world is the ideal state, for in such a state each laborer gets exactly as much as he produces, and the same is true of all the other factors of production. Consequently these economists look with disfavor upon any form of "friction," as they call it, which will interfere with the free operation of competition. Such friction may appear in the form of governmental regulation, monopolistic control, collective bargaining by a combination of workers, etc. Minimum wage legislation would therefore be a form of friction, and as such is disapproved of by these economists. They have anticipated that such legislation would eliminate the

lower grades of workers, whose work is not economically worth as much as the minimum. They have prophesied a consequent increase in the number of the unemployed, and in the need for charitable relief. They have believed that it would limit the field of industry and business enterprize to exclude the lowest paid workers.

It is doubtless true that competition is an essential feature of the existing economic system. Wages, prices, etc., will always have to be determined in the main by competition, so far as this system is concerned. Furthermore, it is highly probable that the same will be true in any other system which proves to be workable, for, on account of several well-known human characteristics, it will never be practicable to reward human labor on any other basis than that of productiveness. But it is also true that the free competitive system results in certain conditions which from the humanitarian point of view are decidedly objectionable. Thus the sweated industries which we have discussed earlier in this book have arisen under free competition. It may therefore be justifiable to take governmental action to prevent some of these conditions, even at the cost of limiting competition to some extent.

The principal object of minimum wage legislation has been to abolish the sweating system. Before indicating to what extent this end has been accomplished, it may be well to point out the different kinds of such legislation. It will obviously not be possible to describe it at great length, but this is not necessary since there is a voluminous literature on the subject.[1]

[1] The following are a few of the many works which describe minimum wage legislation and its results: —

V. S. Clark, *The Labour Movement in Australasia*, London, 1906.

Ernest Aves, *Report to the Secretary of State for the Home Department on the Wages Boards and Conciliation and Arbitration Acts of Australia and New Zealand*, London, 1908.

R. H. Tawney, *Minimum Rates in the Chain-making Industry*, London, 1914.

R. H. Tawney, *Minimum Rates in the Tailoring Industry*, London, 1915.

Constance Smith, *The Case for Wages Boards*, London.

M. B. Hammond, *Wages Boards in Australia*, in the *Quarterly Journal of Economics*, Vol. XXIX, No. 3, May, 1915, pp. 563–630.

Robert Schachner, *Die Soziale Frage in Australien und Neuseeland*, Jena, 1911.

Irene O. Andrews, *Minimum Wage Legislation*, in the *Third Report of the N. Y. State Factory Commission*, Albany, 1914.

A government may influence wages indirectly by establishing a minimum wage for its own employees. If this wage is higher than the usual wage in private industry, it may serve, through competition, to bring up the wage rate in general, especially if the government employs many workers. But this obviously is not minimum wage legislation in the strict sense of the term.

A government may fix arbitrarily by statutory legislation the minimum rate for industry in general or for each specific industry. Such legislation would be more or less in the spirit of the sumptuary legislation which was so very prevalent in the past, and by which the details of the life of the community were regulated. It would almost inevitably be highly inflexible in character, so that the adjustment of wage rates to the conditions of the market would be rendered more or less difficult. The modern movement for wage legislation is not in the direction of the arbitrary fixation of wage rates.

One of the two principal modern types of minimum wage legislation originated in New Zealand in 1894, and has since been imitated in Australia, Canada, and elsewhere. Its primary object is to settle trade disputes by means of conciliation boards and arbitration courts. The Industrial Conciliation and Arbitration Act, which was passed by the New Zealand Parliament in 1894 and became effective one year later, has been described in the following words: —

"This law operates through a permanent industrial commissioner who is provided for each industrial district and to whom requests may be sent for intervention in any dispute; two or three representatives of the employers and of the employees are appointed from lists sent in by each group; and these representatives, together with the commissioner, who presides and directs but has no vote, form a Council of Conciliation. If this council fails to bring the two contending parties to an agreement the case goes to the Arbitration Court where the decision is final. This court is composed of one Supreme Court judge holding office for life and two members nominated by employees and employers. The general principle of this measure, up to the point of the establishment of the Arbitration Court, has been followed in the Canadian Industrial Disputes Act of 1907; but in Canada, the board of investigation and conciliation, when no agreement is reached, may only publish its findings." [1]

[1] Irene O. Andrews, *op. cit.*, pp. 53–4.

It is evident that this type of wage legislation is the outcome of an attempt to settle trade disputes, and is not directed in the first instance towards establishing a minimum wage. In fact, the credit for attempting to establish a fair minimum in these cases is to be attributed to the labor organizations, which cause strikes, boycotts, and other trade disputes, rather than to the government.

The other leading modern type of wage legislation originated in the Australian State of Victoria in 1896, and has been imitated in other Australian states, in Great Britain, in the United States, and elsewhere. This type of legislation is directed especially against the sweating system. It provides for the appointment of temporary or permanent wage boards, which study the conditions in the industries under their jurisdiction, and determine upon minimum rates which are enforced by the government. In Australia these boards have regulated wages in many trades. In Great Britain the Trade Boards Act was passed in 1909, and became effective one year later. This act provided that the Board of Trade could appoint wage boards for such trades as it determined to regulate. The minimum rates established by these boards are enforced by law. The first four trades to which this act was applied were certain parts of the tailoring, box making, chain making, and lace making trades.

In 1911 a minimum wage commission was appointed in Massachusetts to investigate conditions and report upon the advisability of establishing a permanent commission. In 1912 such a permanent commission was appointed in Massachusetts. In 1913 similar commissions were appointed in the following states: — California, Oregon, Washington, Colorado, Utah, Nebraska, Minnesota, and Wisconsin.[1] All of these commissions have jurisdiction only over the wages of females and minors. This limitation is probably due to two causes. In the first place, wage legislation in this country has been directed entirely against sweating, and sweating is or is supposed to be more prevalent among women and children. In the second place, a sentimental appeal in behalf of the women and children has been effective in bringing about such legislation for them, whereas such an appeal could not so easily be made in behalf of the men, so that it has

[1] Arkansas has passed a minimum wage law for women workers since 1913, and other commissions may be in existence by this time.

not been possible so far to overcome the objections to such legislation in behalf of men. It is hardly necessary to point out that this distinction, which is made between women and children on the one hand and men on the other hand in American wage legislation, is not logical, and that men need such legislation nearly if not quite as much as women and children. Furthermore, inasmuch as most of the women and children are economically dependent upon men, such legislation in behalf of men is almost as much in behalf of the women and children as well.

### The Results from Minimum Wage Legislation

Let us now consider the results from minimum wage legislation. A good deal of study has been devoted to this subject because of its interest and importance. But the subject is so complicated that it is impossible to attain certainty upon all of the points involved. Such legislation has doubtless driven some sweated industry out of existence. But better still it has kept some of this industry in existence by forcing the employers to raise their standards of efficiency. So long as they could employ labor at an excessively low rate of wages, there was no pressure upon them to introduce recent labor-saving devices. But when they were forced to pay higher wages, it became necessary for them to introduce machinery and other labor-saving devices in order to make a profit. Furthermore, the increase in the wages of the employees has almost always increased their efficiency, so that it has been possible for the industry to survive without raising the price of the product for the public, with profits for the employer, and with a higher wage for the employee.

As to whether or not this has been accompanied by an increase in unemployment it is very difficult to say, since the causes and conditions of unemployment are very complex. So far as we have any data on the subject, they seem to indicate that minimum wage legislation has not increased unemployment and the demand for charitable relief. But it is possible that a certain number of the less efficient have been unable to secure work under legal minimum wage conditions who could have done so otherwise. This calls attention to the problem of the inefficient, which is at all times serious, and is even more so under the legal

minimum wage. For this reason it has been contended by some writers that minimum wage legislation should be accompanied by measures for the purpose of maintaining a high standard of efficiency among the workers. This may be accomplished, on the one hand, by careful training of the workers now in the country where the legal minimum wage prevails, and, on the other hand, by preventing the immigration of workers of low efficiency. As one writer has put it: —

"The state which assumes the responsibility for the establishment of a minimum wage must also assume the responsibility for the establishment of a minimum standard of efficiency. Minimum wage legislation and industrial education must go hand in hand together. In such a country as the United States it may also be necessary to restrict the supply of labor of the lower grades. The establishment of a legal minimum wage would of itself tend somewhat to obstruct the influx of laborers of low efficiency; but the otherwise unrestricted influx of laborers of low efficiency would also tend to obstruct the maintenance of a minimum wage at the native standard-of-living level." [1]

It appears, therefore, that the minimum wage has prevented a certain amount of sweating, and has, on the whole, been a desirable thing. The limitations of the legal minimum wage must, however, be borne in mind. In most cases where such a minimum has been established, the object has been to put the minimum at the point of a bare living wage, and in some cases the minimum has actually not been as high as a bare subsistence wage. It is evident, therefore, that unless the legal minimum wage can be put much above a bare subsistence level, it cannot by any means abolish poverty. On the contrary, it can abolish or reduce to a certain extent the poverty only of those who cannot earn enough to keep themselves alive. But it cannot abolish the milder but more extensive poverty of those who can earn a bare subsistence living, but cannot attain to that fair or comfortable standard of living which, as we have seen earlier in this book, is the upper limit of poverty. Furthermore, there are many individuals in the salaried and professional classes who are poor quite as truly

[1] A. N. Holcombe, *The Legal Minimum Wage in the United States*, in *The American Economic Review*, Mar., 1912, Vol. II, No. 1, p. 37.

as the poor in the wage-earning class, and these individuals cannot be helped by a legal minimum wage.

Now it may be said that the legal minimum can be raised to such a point that all workers will be above the fair standard of living. But so long as industry remains in the main under the régime of private business enterprise, it is doubtful if it would be wise or even possible to regulate industry to so great an extent. It is evident that the private employer cannot pay wages above a certain point at which he can make a fair profit. If a minimum as high as a comfortable standard of living was enforced by law, it would probably force a good many employers out of business, and would thus cause a good deal of unemployment and disturb industry and commerce to a high degree. Or else the employers would compensate for the higher wages by putting up their prices, and this would nullify at least in part the benefit of the higher wage to the employee. Indeed, it seems hardly possible to put into effect so high a minimum by legal means, unless most or all of industry is owned and operated by the state. Under socialism it would doubtless be possible to enforce a high minimum wage rate, just as it would be possible to enforce many other national minimum standards. But this involves the question of collectivism *vs.* private business enterprise, which we cannot discuss at this point.

### Limiting the Natural Increase of Population

But there are at least two other ways of increasing the rate of payment for the services of the workers, which, if successful, may be much more powerful than the legal regulation of wages. The first is to limit the supply of labor in proportion to the other factors of production. The second is organized effort on the part of the workers themselves.

Earlier in this book we have adduced an abundance of data to show the intimate relation between the growth of population, on the one hand, and low wages and unemployment, on the other hand. The tendency of population is to increase more rapidly than it is the tendency of industry to expand, under the existing system of private industrial enterprise. Consequently there is a large surplus of unemployed labor, and bitter competition among those at work tends to keep down the rate

of wages. It is obvious, therefore, that, by eliminating this surplus and reducing the supply of labor in proportion to the other factors of production, unemployment can be prevented in large part, and the rate of wages can be raised.

There are several ways in which this can be accomplished. The fundamental method is by the artificial control of the birth rate, which will prevent the supply of labor from increasing more rapidly than the other factors of production. We have already discussed the stupid and brutal restrictions upon the artificial control of births in this country and elsewhere. We have shown that these restrictions are based upon religious and moral prejudices and social and economic fallacies, which are probably fostered by those to whose interest it is to exploit the working class.[1] Few changes could be of greater value to society at large and to the poorer classes in particular than the abolition of these restrictions and the widespread dissemination of the necessary knowledge for the artificial control of births. A characteristic feature of social progress and of cultural evolution is the increasing control by man of the forces which determine his welfare. One of the most important of these forces is the rate of increase of population. It is time for man to acquire control of this factor.

### Restriction of Immigration

Another way of limiting the labor supply, at least so far as a single country is concerned, is by restricting immigration. We have already touched upon this subject with respect to this country. It is obvious that this is a question of crucial importance for us. At the beginning of our national existence the vast area of this country was very sparsely populated, and there

[1] Carver, in his recent study of economic problems, has suggested such exploitation in the following picturesque language: —

"*Foxes approve large families among rabbits.* A certain type of military adventurer approves large families among the poor, for that means plenty of cheap food for gunpowder. A certain type of priest approves them because they provide plenty of submissive parishioners. A certain type of employer approves them because they provide an abundant supply of cheap labor. They also mean low wages and widespread poverty. They mean an increase in the number of propertyless workers." (T. N. Carver, *Essays in Social Justice*, Cambridge, Mass., 1915, p. 262.)

was plenty of room for a much larger labor supply. But we have seen in an earlier chapter that the enormous immigration of the last few decades has increased the labor supply more rapidly than is desirable in proportion to the other means of production. Furthermore, the constantly increasing diversity in the character of this immigration makes its economic and social assimilation a more and more difficult task. Consequently there can be little question that a certain amount of restriction has now become desirable, at least so far as the interests of this country are concerned.[1]

Unfortunately the discussion of this question of the restriction of immigration has been fraught on both sides with a vast amount of prejudice, sentimentality, ignorance, and ill feeling. On the side of the restrictionists there has been a great deal of racial prejudice and of chauvinism. Many of the restrictionists regard some of the immigrants as racially inferior to the older population of this country. Anthropology furnishes no evidence that any one race is inherently superior to other races with respect to the traits which are of social and cultural importance. So that this racial prejudice is not at all justifiable.

[1] The immediate effect of the European war in progress at the time of this writing has naturally been to reduce greatly the amount of immigration. During the year ending June 30, 1915, there were admitted 326,700 immigrant aliens and 107,544 non-immigrant aliens, as contrasted with the previous year, during which there were admitted 1,218,480 immigrant aliens and 184,601 non-immigrant aliens. Furthermore, inasmuch as during the year ending June 30, 1915, there departed from this country 204,074 emigrant aliens and 180,100 non-emigrant aliens, the net addition to the population of this country through immigration was only 50,070.

It seems to be the belief of a good many at the present time that on account of the destruction of lives by the war there will be very little emigration from Europe for a long time to come, and that consequently we need not worry about the immigration problem. These persons exaggerate the percentage of the European population which will be destroyed by the war, because they do not realize that the casualty lists of the belligerents include the names of a great many wounded and prisoners who will not be lost. Furthermore, they do not realize that the birth rate will very soon leap forward, if it has not already done so, to replace those who are lost.

It may be that the demand for labor to repair the losses of the war will reduce greatly the emigration from Europe for some years to come. But we can be almost certain that it will not be many years before the immigration to this country is nearly if not quite as great as it has been within the last few years. So that it is hardly safe for us to ignore our immigration problem.

Some of these immigrants come from nations which are very different from and perhaps culturally inferior to us, so that it may be very difficult to assimilate them, and therefore desirable to restrict somewhat this immigration because of this difficulty of assimilation. But, on the other hand, it must be remembered that our culture has been greatly enriched by the representatives of different cultures, and the restrictionists who wish to preserve a so-called "pure" Americanism are guilty of chauvinism and provincialism in the extreme.

But on the side of the anti-restrictionists there has been if anything a much greater display of sentimentality and prejudice. The most admirable sentiment displayed in opposition to restriction has been in behalf of making this country a free asylum for political refugees from other countries. If it can possibly be avoided, nothing should be done to curtail the right of asylum in this country for the political criminals and the persecuted of other lands. Every effort should be made to devise restrictive measures which will not exclude these individuals. But any restrictive measures which are likely to be imposed are almost certain to interfere very little if at all with this right of asylum, at least so far as political criminals are concerned. For example, the restriction which has been advocated most of all in recent years has been a literacy test, and, inasmuch as political criminals are usually above the average in education and intelligence, no political criminal is likely to be excluded by a literacy test. Furthermore, whatever restrictions may be imposed, it will be possible to provide for making exceptions for these individuals, at any rate in the case of most of them. It may be more difficult to maintain the right of asylum for the victims of persecution in the countries where large classes are persecuted for religious or racial reasons. It is to be hoped that one outcome of the present great international disturbance will be the prevention of persecution for these classes.

Another form of sentiment against restriction, which is more or less natural, but which is very shortsighted and may prove to be very dangerous to this country, is displayed by the immigrant population of this country and the immediate descendants of this population, who object violently to any restriction upon the immigration of their racial brethren. Many of these apparently regard such restriction as a derogatory and invidious reflection

upon themselves. But they apparently forget that practically all of the population of this country is European in origin, so that any restriction of immigration discriminates against the racial brethren of the older as well as the newer American population. They should realize that they have no reason to object to any restriction upon this ground, unless such restriction is inspired by racial prejudice.

But the most dangerous and sinister form of opposition to restriction comes from those who are interested in exploiting the working class, and who consequently are interested in having a large and therefore cheap labor supply. Evidence of a certain amount of such opposition has been found. And since such opposition is necessarily carried on largely in secrecy, a large amount of it doubtless exists which is not publicly known. It is carried on, in the first place, by the steamship companies which are desirous of the business of bringing over many immigrants. It is carried on, in the second place, by large employers of labor and others who wish to exploit this immigrant class.

We have not the space to discuss at length the best method of restricting immigration. It is very difficult to devise a satisfactory method. The literacy test is one which is being advocated by many at the present time. It is the one which is perhaps the most feasible to apply to individuals, but has the obvious disadvantage of being one-sided since it does not test the physical characteristics of the immigrant, which are perhaps of as much importance as his mental equipment. Another method which has been suggested is to limit the number which can come from any one country during any one year. The number of immigrants to be admitted might be determined by the number already in this country. Thus the number which could come from a certain country during a certain year might be equivalent to a small percentage of the number of natives of that country now residing in this country. This would restrict the total immigration into this country, and would also prevent a too sudden influx from any one country, which would give rise to a difficult problem of assimilation.

But whatever method of restriction is chosen, it should be based upon a calm and unprejudiced study of the economic and social effects of immigration, and not upon sentiment and ignorance. The same should be quite as true of the still more fun-

damental question as to whether or not there should be any restriction. The data presented in this book with respect to natural resources, population, wages, etc., seem to indicate that a certain amount of such restriction is desirable at the present time in this country.

So far we have discussed this subject only from the national point of view. The question may be raised as to whether the harm being done by an excessive immigration into this country is not more than offset by the benefit derived by European countries from the emigration of their excess population. If this were the case, it might be argued that, from the point of view of the interests of the world as a whole, it would not be desirable to restrict immigration into this country. But this is very doubtful for two reasons. In the first place, because this is a new country in which it has been possible to develop a new industrial organization, a rate of wages and a standard of living much higher than anywhere else in the world have come into being. It is very important, not only for this country but for the world as a whole, that this rate and this standard be maintained, for from this country they may in course of time spread over the rest of the world. It is hard to believe that the lowering of the American rate of wages and standard of living could be more than compensated for by the benefit derived by Europe from the loss of a part of its population. In the second place, earlier in this book we have adduced data which indicate that emigration does not help as much as it appears to help, because it is almost invariably followed by a rise in the birth rate which very soon replaces in part if not entirely the population which has gone away. The benefit derived from emigration is therefore much less than the extent of the emigration, and is probably only temporary.

It is true that the last consideration may be used as an argument against restricting immigration to this country. It may be said that restriction will do no good, because it will immediately be followed by a rise in the national birth rate which will very soon replace entirely or in large part the immigrants who have been excluded. We have already made a statistical study of this question earlier in this book, and have seen that this is in part true. Restriction of immigration will doubtless stimulate the birth rate somewhat, just as it would have done to a much greater degree a century or so ago, according to Walker's theory,

if it had been applied at that time. But fortunately for this country the birth rate has been rapidly decreasing during the last few decades, so that it will doubtless fall far short of compensating for the lessening in the rate of increase of population caused by the restriction of immigration.

I hardly need to say that the restriction of immigration is at best a necessary evil. The ideal state would be a world where human beings in the guise of workers could go and come wherever they willed, without let or hindrance. But such ideal conditions do not exist unfortunately, for a worker may not be able to support himself where he wants to go. Furthermore, labor is not as yet so mobile that its distribution can be left entirely to the spontaneous operation of the forces of supply and demand. National boundaries, political conditions, local prejudices, and various other factors limit the mobility of labor. So that at present national regulation of the distribution of labor is the only feasible kind. But, as I have already suggested in an earlier chapter, it is to be hoped that in course of time this national regulation can be replaced by international regulation, for it is obvious that the distribution of labor is a matter of worldwide importance. As international trade develops, as all parts of the world become inhabited and economically exploited, as internationalism more and more takes the place of nationalism in political matters, it may become possible to replace national with international regulation. Furthermore, such international regulation may in turn prepare the way for a state of affairs where regulation is no longer needed. The international movement I have suggested will doubtless remove many of the obstacles in the way of the mobility of labor, so that in course of time labor may become so mobile that it will be preferable to leave it to be distributed by the spontaneous operation of the forces of supply and demand. This will depend somewhat upon whether private business enterprize continues to exist, or is replaced by some form of collectivism.

### Lessening the Hours of Labor

Still another method of limiting the supply of labor is by lessening the hours of labor. As a general rule, if the hours of labor are shortened, it takes a larger number of workmen to accom-

plish the same amount of work, and consequently the existing supply of labor becomes smaller in relation to the demand. There are, to be sure, exceptions to this rule. If the original hours of labor are too long for the strength of the workers, so that they become excessively fatigued, a shortening of the hours of labor may not diminish the amount of work which they accomplish, and may even increase it, for they will do better work during the time they are at work, because they have more time for rest and recreation. Furthermore, a shortening of the hours of labor may impel employers to introduce machinery and other labor-saving devices, which will increase the output of the workers. Otherwise a shortening of the hours of labor means a relatively smaller supply of labor. For this reason, as well as on account of the cultural benefits to be derived by the workers from shorter hours of labor and more leisure, it is to be hoped that the usual hours of labor will drop not only to eight but to seven and six and perhaps still lower. This can be brought about partly by law, but perhaps still more through the activities of the workers themselves in the labor movement, which we are about to discuss. It is well, however, to call attention to the fact that such a decrease in the hours of labor should not be made hastily, for business and industry would need time to adjust themselves to the changed schedule. Furthermore, it goes without saying that the hours of labor must always be high enough to enable the supply of labor to turn out enough consumption goods to provide amply for all of society.

### The Combination of Workers

The last method of increasing the service income of the poorer classes is by means of the activities of the workers themselves, through the modern labor movement. This is perhaps the most important and most effective method of all. It is obvious that the isolated worker can do little to raise his wages. He is at the mercy of forces over which he has no control. If the supply of labor is small in proportion to the demand, employers may be competing for workers, and may willingly pay high wages. But if, as is usually the case, the supply of labor is large, the worker has to take the wage the employer offers, and this tends to fall to a bare subsistence minimum. But if the workers combine amongst themselves, they may force the employers to raise

wages, to shorten the hours of labor, and in other ways to better their condition, by using such methods as the strike, the boycott, etc. We have not the space to rehearse the history of the labor movement, but shall discuss it briefly in a later chapter upon industrial democracy. Suffice it to say here that in certain trades through their unions the workers have raised greatly their standard of wages. The high standards set by the union workmen have doubtless influenced somewhat the wages of the non-union workers. But the unorganized workers, as a general thing, are still at a low rate of wages. At present by means of the syndicalist movement and in other ways the attempt is being made to organize all of the working class, so as to raise the rate of wages for all workers.

Most of the older economists believed in the wage fund theory of wages, according to which labor gets a fixed proportion of the product. Few of the economists of today accept this theory, and the successful use of the methods of increasing the service income of the working class which we have described indicates that it is possible to change the proportion in which the product is distributed among the factors of production.

We have seen that the legal minimum wage tends to raise wages in the parasitic industries (such as the sweated industries), or to drive them out of existence. It may not have much direct effect in the industries where wages are higher. It does not, however, stand in the way of higher wages being secured through trade union methods, as was feared by some who thought the legal minimum wage would also tend to become the maximum as well. Furthermore, in the parasitic industries which survive the application of the legal minimum, it aids the workers to organize and strive to secure still higher wages.

The limitation of the supply of labor by the control of births, the restriction of immigration, or the shortening of the hours of labor reduces the pressure of population upon natural resources, and by enhancing the market value of labor tends to raise wages.

The combination and organization of the workers gives them a power by means of which they can wrest a larger share of the product from the hands of their employers. This may be the first stage in a movement which will result in the ownership by the workers of the means of production, in which case the workers will take all of the product.

## CHAPTER XXVI

# THE RE-DISTRIBUTION OF INCOME FROM OWNERSHIP OF PROPERTY

The extent of property income — The shares in distribution — Profit sharing and co-partnership — Coöperative enterprizes — The regulation of prices — The purposes of taxation — The land tax — The income tax — The inheritance tax — The limitation of property ownership — Changes in property rights.

Let us now consider briefly the principal methods by means of which the poorer classes can be given a larger share in the income from the ownership of property. In our earlier chapter on the distribution of wealth and incomes we have furnished data indicating that a large percentage of the total wealth produced goes to the owners of property. We shall now cite two recent estimates of the extent of this property income in this country.

### The Extent of Property Income

Nearing has attempted to ascertain the amount of property income in this country, and states his conclusions in the following words: —

"A general summary of property income payments shows that a stupendous sum goes annually to the owners of property in the United States. If to the figures published by the Commissioner of Internal Revenue are added estimates for non-corporate business; the rent paid by householders to landlords; the interest paid by householders to mortgage holders; the rent paid by farmers to landlords; the interest paid by farmers to mortgage holders; and the interest paid by public authorities to the holders of public bonds, the total property income now paid in the United States is well above the six-billion-dollar mark.

"Even the cursory reader will appreciate the fact that the estimates for property income paid are far from including all property income. They touch only the most obvious sources of property income payments.

"Grant, for the sake of argument, that the annual income paid to property owners in the United States is equal to six billions a year. There are probably ten million families in the United States which spend less than $500 a year; there are probably twelve million families in the United States, which, together, would have an annual expenditure averaging $500. The six billions of property income would pay all of the expenses of these twelve million families, or, added to their incomes, would raise them to a level of income respectability." [1]

King, using a different method, has made an estimate of the distribution of the national income which corroborates this conclusion of Nearing.[2]

ESTIMATED NATIONAL INCOME IN 1910 DIVIDED INTO RENT, INTEREST, PROFITS, AND RETURNS TO EMPLOYEES

(Adapted from W. I. King)

| | *Amount* | *Percentages* |
|---|---|---|
| Wages and salaries | $14,303,600,000 | 46.9 |
| Interest | 5,143,900,000 | 16.8 |
| Rent | 2,673,900,000 | 8.8 |
| Profits | 8,408,100,000 | 27.5 |
| Total | $30,529,500,000 | 100.0 |

It goes without saying that both of these estimates are very rough, since it is impossible to make an accurate estimate of the distribution of the national income. But they indicate that a considerable portion of the national income goes to the owners of property. Now if the ownership of property were widely and more or less evenly distributed, so that all members of society were sharing approximately equally in this income to property, this fact would be of no significance with respect to poverty. But from the data adduced in our earlier chapter on the distribution of wealth we know that the ownership of property is highly concentrated in the hands of a few, and that the vast majority receive little or no income from the ownership of property. So that it is a question of grave importance as to whether or not this condition can be changed. This change can

[1] S. Nearing, *Income*, New York, 1915, pp. 151–2.

[2] W. I. King, *The Wealth and Income of the People of the United States*, New York, 1915, pp. 158, 160.

be brought about either by diffusing very widely the ownership of property, so that the vast majority will be sharing in its income, or by transforming a large part of the income of property into payment for services rendered. Both of these methods have been used and we shall discuss them in this chapter.

## The Shares in Distribution

In economics the shares in distribution ordinarily distinguished are wages, rent, interest, and profits. It is evident that wages is a form of payment for services, while rent and interest are forms of income from the ownership of property. Profits are a share which is sometimes defined as the reward for unusual business ability given to the enterprizer or business manager. According to this definition it would be more akin to wages than to rent and interest. It would, in fact, be a higher form of wages. But it is also defined sometimes as the return for an unusually favorable combination of land, capital, labor, and business ability. And if we analyze concrete cases of profits, we find that this share in distribution is very frequently not exclusively a reward for unusual ability. In fact, in many cases it is in large part or entirely a form of income from the ownership of property.

We may illustrate this fact in the following cases. Two men of equal initiative and business ability may discern a favorable opportunity to start a profitable business enterprize. One of the men may not own or be able to command the use of the property which is required to begin and carry on the enterprize, and is therefore unable to undertake it. The other man may own or command the use of the necessary property, and consequently is able to start the enterprize and to reap the profits accruing from it. It is evident that in this case the share of profits is only in part a payment for unusual ability, and is in part a return from the advantage of owning property. A man may inherit from his father a business so well established that it may require comparatively little ability to run it profitably. In such a case most or all of the profits should be regarded as interest upon the true capitalized value of the business. But usually a large share called profits is distinguished, and it is evident that in such a case it is a form of income derived from the ownership of property.

It is important to point out that much that is called profits is a form of income derived from the ownership of property because we are about to discuss profit sharing, and it may be objected by some that profit sharing is a method of diffusing more widely service but not property income.

### Profit Sharing and Co-Partnership

There are various kinds of profit sharing, which we have not the space to describe in detail. The two principal types are, on the one hand, the one in which the employees are given a share in the dividend in the form of a cash bonus, and, on the other hand, the one in which the employees are given a share in the profits in the form of a bonus in shares. All profit sharing schemes are based upon these two fundamental types. It is evident that there is an important difference between these two types. In the first type the employees do not acquire any share in the ownership of the concern, though they may be sharing in the income from the property of the concern. In the second type the employees are given shares in the ownership of the concern. For this reason this type of profit sharing is frequently called co-partnership. If in course of time the employees acquire most or all of the ownership of the concern, and consequently the management of it, a co-partnership develops in large part or entirely into a coöperative enterprize. For example, this is practically what has happened in the case of the two most famous profit sharing schemes ever undertaken, namely, the Godin Familistère at Guise in France, and the Maison Leclaire at Paris. Because co-partnership tends towards the democratization of the ownership and the management of industry, it has been advocated by some writers on the subject as being superior to the first type of profit sharing.

Different kinds of motives have induced employers to introduce profit sharing schemes. A few of them have been influenced in large part, if not entirely, by the philanthropic desire to improve the condition of their employees by increasing their incomes. But doubtless a much larger proportion of the employers have been influenced by more selfish motives. They have hoped that, by offering their employees the prospect of sharing in the profits, they would induce them to work harder

and more efficiently, and thus to increase the output so greatly that the employer could well afford to give the employees a part of the profits. In many cases they have adopted profit sharing as a method of fighting the trade unions. By holding back the payment of profits, and by refusing to give profits to the employees who join unions, they have in a good many cases succeeded in defeating the power of the unions in their factories and workshops.

A number of obvious comments may be made upon these motives, which will aid in suggesting some of the principal arguments for and against profit sharing. So far as the philanthropic motive is concerned, it goes without saying that it will never be sufficiently widespread to bring about any material betterment in the condition of the working class. Employers, like all other human beings, are more interested in their own success than in the welfare of others, so that they cannot be expected to give away part of their profits for a purely philanthropic reason. Furthermore, it is very doubtful if it is desirable that the workers should have their incomes increased in a philanthropic manner. They should receive such an increase as a matter of right, and not as a form of charity.

The motive of desiring to increase the efficiency of the employees is a legitimate one, if not carried too far. Efficiency is always a desirable thing, and employers and employees should and under the right conditions will work together for efficiency. But this motive may lead to speeding up and overwork on the part of the workers, which is very undesirable. It is the opinion of some of the American writers on this subject that American workingmen as a general thing work hard enough, and that therefore it is not desirable to add this pressure for more work, but that in Europe, where the pace set is not usually so fast as in this country, it may be desirable up to a certain point. However this may be, the fundamental principle at issue is quite clear, namely, that workingmen should not be induced to work so hard as to lack sufficient leisure and vitality for cultural development.

Another criticism of profit sharing schemes, which applies to practically all forms of profit sharing, but which is especially pertinent when the scheme is designed to increase efficiency, is that the remuneration is not based, so far as the profits are con-

cerned, upon the efficiency of the individual, as is the case with wages. Thus in a profit sharing shop one workman may increase his efficiency ten per cent or more in the hope of thereby gaining larger profits. Another workman may increase his efficiency only three per cent or not at all, and yet will share in the profits equally with the first workman.

The third motive for profit sharing mentioned above is very sinister in appearance. It is evident that trade unions are organized for the purpose of increasing the incomes of working men, and if employers introduce profit sharing in opposition to the unions, it is hard to believe they really intend to raise their employees' incomes. However, the two methods must be judged with regard to their effects upon the working class. If profit sharing actually increases their incomes more than trade unions, then profit sharing may be preferable. This is contended by one of the most ardent advocates of profit sharing and co-partnership. After arguing that, while trade unions raise wages this rise is largely nullified by the fact that employers add this increase to the cost of production and to prices, so that the cost of living rises about as rapidly as wages, he says: —

"If, however, by giving men an interest in the profit of the business you can, as I have argued, suddenly raise their efficiency, then you make immediately possible a large addition to their total earnings which does not add to the cost; consequently does not raise the price; does not take away from the workers in general the whole, or greater part, of what it gives to those of one class. When we go further and capitalise that share of profit, the workers gain not only the lump sum of capital, but an annual share of that part of the produce which goes to remunerate capital. This, again, does not add to cost, for the cost is no greater when the workers own this share of capital than if some rich man had owned it. On the contrary, the workers' accumulated profit is a real addition to the total supply of capital: it tends, therefore, to bring down the rate of interest, and that of itself tends to raise the rate of wages. Apart altogether from the effect on thrift, character and life, these are the economic reasons why profit-sharing and co-partnership may produce a much more rapid improvement in the position of the working classes than can possibly be got under the mere wages system." [1]

[1] Aneurin Williams, *Co-partnership and Profit-sharing*, London, 1913, pp. 249–50.

But this same writer recognizes that the kind of industry in which profit sharing and co-partnership can be successful is limited. He distinguishes three ways in which industry may be organized, which he characterizes as (1) pure individualism, (2) voluntary association, and (3) state and municipal socialism. He then indicates the kind of industry in which profit sharing, and co-partnership in particular, can be successful: —

"I suggest, therefore, that where there are great monopolies, either natural, or created by the combination of businesses, there you have a presumption in favour of State and municipal ownership. In those forms of industry where individuality is everything; where there are new inventions to make, or to develop and put on the market, or merely to adopt in some rapidly transformed industry; where the eye of the master is everything; where reference to a committee, or appeals from one official to another would cause fatal delay; there is the natural sphere of individual enterprise pure and simple. Between these two extremes there is surely a great sphere for voluntary association to carry on manufacture, commerce and retail trade, in circumstances where there is no natural monopoly, and where the routine of work is not rapidly changing, but on the whole fairly well established and constant." [1]

It is evident that Williams is thinking mainly of co-partnership which becomes entirely or in large part coöperative in its character, so that even according to him the field of profit sharing pure and simple is very limited. Consequently it is not to be expected that profit sharing can ever change to any great extent the distribution of wealth, by giving the workers a large share of the income from the ownership of property.

The principle of profit sharing is indeed hardly congruous economically with a régime of private business enterprize based upon capitalism. So long as this system continues in existence, the ownership and control of most of the capital invested in productive enterprizes is bound to remain in the hands of the capitalists and enterprizers, for this system cannot be operated efficiently upon any other basis. Furthermore, to place the income of the worker partly upon a profit basis is to increase to a still higher degree the uncertainty of his income, for if this employer fails to make any profits the employee can have no share of profits. And since the employee is not responsible for this

[1] *Op. cit.*, p. 235.

failure, he should not have to bear any of the loss. As it is at present, the workers suffer to a sufficient degree from the failure of their employers, through the cutting down of wages, the loss of employment, etc. The poorer classes will probably benefit much more if efforts are concentrated upon trying to increase the service incomes of the workers, and making these incomes more stable than ever before. If this results in lowering profits, the workers will be securing some of the income from property in the form of service income. Then if it seems desirable that the poorer classes should receive still more of this income from property, this end can in all probability best be accomplished by gradually nationalizing the ownership and control of the means of production. As this takes place, individual shares of profits will be wiped out, but the great majority of society will share in the income from property through larger payment for their services, and through many benefits which the government as the agent of organized society would be able to furnish to them. We shall have occasion presently to refer again to this road towards collectivism.

### Coöperative Enterprizes

We have already indicated that when profit sharing takes the form of a distribution of bonuses of shares, there results co-partnership which tends towards the coöperative ownership of the concern. In a few cases, usually because the original owner or owners desired it, a co-partnership has grown into a co-operative enterprize. But in most cases coöperative enterprizes have originated in the coöperative form through the organization of workingmen, farmers, or other individuals possessing small incomes. Their objects are to lessen competition, to save the cost of middle men, and to eliminate the profits of large capitalists and enterprizers. In certain European countries the coöperative movement has acquired considerable proportions, as in England, Germany, France, Italy, and Belgium. In this country the movement has not been so successful. The principal coöperative enterprizes have been coöperative stores, coöperative producers' associations, coöperative banks, and coöperative organizations for furnishing credit to farmers.[1]

[1] See C. R. Fay, *Co-operation at Home and Abroad*, London, 1908.

It is obvious that in so far as the coöperative movement is successful, it increases the incomes of the poorer classes, by giving them the profits of capitalists and enterprizers in the form of a lower cost of living, and sometimes in small dividends. Its lack of success in this country has probably been due, in the first place, to the fact that, as a new country with very rich natural resources, this country has been peculiarly adapted to private capitalistic enterprize, and, in the second place, to the relatively sparse and mobile population of this country. European countries are older and have a more dense and stable population, so that they have furnished a better field for the coöperative movement. In those countries the pressure of poverty has led the working classes to try to better their condition through coöperation. The success of the movement has been largely in the distribution of consumption goods, in other words, in the coöperative stores. By coöperating in buying from the producers, they have saved the cost of middle men, advertising, and small scale purchasing.

But the movement has not been so successful in producers' coöperation. This indicates the great limitation of coöperation. It is evident that coöperation cannot become the fundamental basis of the economic system unless it includes both the production and the distribution of goods. Now in order to produce successfully in most lines of industry in our modern society, it is necessary to command a large amount of capital, and to have able management. It is obvious that as coöperators are ordinarily poor, they cannot command a large supply of capital; and as coöperative enterprizes do not offer large returns to individuals in the form of profits and interest, they will not usually attract the ablest business managers. It is the private capitalistic enterprize which has the best chance under the present economic organization. Probably the only ones who believe that industry can become universally organized on a cooperative basis, in the sense that each shop will be coöperatively owned and managed by the workers in the shop, are the more sanguine of those in the coöperative movement, and the anarchists and some of the syndicalists. There can be little question that the only practical choice is between private business enterprize with a certain amount of regulation by society, and some form of state socialism. Under both of these forms the ablest

talent can be secured for the management of industry, while under socialism the industries of the nation or of the world as a whole would be thoroughly organized, so that each shop would be working harmoniously in relation to all other shops. Furthermore, under socialism all of the wealth produced by society would be distributed in a democratic fashion according to the criterion of productive ability.

If socialism can be made to work, it will probably prove to be the most thoroughgoing and effective cure for poverty. But coöperation, in the sense in which it is ordinarily used, cannot change to any great extent the distribution of wealth, in the way of increasing the incomes of the poorer classes in the community.

## The Regulation of Prices

Another method of changing the distribution of wealth, by lowering the cost of living for the poorer classes, is the regulation of prices by the government. There has been a great deal of price regulation in the past. In the Middle Ages and earlier a great deal of sumptuary legislation of this sort was passed. But at that time each community was more independent economically than is usually the case now. The division of labor had not been carried to the extent it has now, so that prices were not fixed by so complicated and delicate a mechanism as is the case now. So that it is much less feasible now to interfere with the automatic fixation of prices. In fact it is rarely ever desirable to do so now, except perhaps where a monopolistic control has grown up which needs regulating. As a rule it is much preferable to try to better the condition of the poorer classes by increasing their incomes, than by lowering their cost of living. If socialism comes into being, a new form of price regulation may develop. But under the present régime it is better to leave it to the forces of supply and demand. For these reasons this method of changing the distribution of wealth is advocated by very few at present.

## The Purposes of Taxation

We now come to a very important and significant method of changing the distribution of wealth, namely, by means of taxa-

tion. Taxes may be imposed for various reasons. For example, they may be levied solely for the purpose of securing the revenue necessary for running the government. Even when this is the only object of taxation, some attention is usually paid to the incidence of the taxes, and the attempt is frequently made to have them fall most heavily upon the wealthier classes by taxing luxuries. But when the object of taxation is to change the distribution of wealth, the incidence of the taxes becomes of paramount importance. Sometimes, when a government is in the control of a small class, the object may be to change the distribution of wealth by enriching that class through taxation of the rest of society. But we are interested only in the kinds of taxation which will increase the incomes of the poorer classes.

## The Land Tax

It is believed by many that one of the forms of property which should be taxed most heavily is land. One of the reasons for this belief doubtless is that land is not created by man and is limited in quantity. Consequently it appears evident that it should be used for the benefit of the many and not exploited by a few, especially as the pressure of population becomes great. This can be accomplished either by nationalizing the land, so that it belongs to the public, or by taxing it so heavily that the private owners derive little or no profit from their ownership of it.

Another reason for this belief is that the rent derived by an owner from valuable land very frequently is a piece of luck and good fortune for him, and not due to any foresight on his part. It may be due to a migration of population, a discovery of mineral deposits, or some other cause not anticipated by him. And even if anticipated by him, the question may be raised whether it gives him a right to this wealth not created by man. Such ownership is sometimes justified on the ground that it encourages pioneering and the opening up for human use of new land. But even though some weight should be given to this justification, it is probable that the right of inheritance in such land should be narrowly limited, so that while the pioneers themselves will be rewarded during their own lifetimes for their courage and initiative their heirs will not receive

large estates which they have in no way earned. Furthermore, this argument for the private exploitation of land loses its weight as the whole world becomes explored and settled, and the time will doubtless come when it has no weight at all.

A heavy land tax would help towards the prevention of poverty in several ways. It would tend to prevent the holding of land out of use for purposes of speculation, for the owners would be forced to make use of the land in order to pay the tax. Thus more land would be put into use, and there would be more improvements upon the land. This would lessen the pressure of population upon the land and would encourage industry, thus furnishing more employment for labor and increasing the productiveness of society. Furthermore, it would cut off much of the income of many of the leisure class now living in idleness. However, this might not aid much in lessening the degree of concentration of wealth and the amount of private property income, if these owners were able to change their property into some other form.[1]

The single taxers claim that poverty is caused by the exploitation of land, and that therefore, if the land tax is made sufficiently heavy to confiscate all of the rent, poverty will be prevented, and there will be sufficient revenue to support the government without any other taxation. We have already commented in an earlier chapter [2] upon the unilateral character of the single tax theory of the causation of poverty. Inasmuch as poverty has many causes, the removal of one of them alone would not eliminate poverty. Furthermore, it is not certain that the land tax alone would always furnish enough revenue for the government.[3] So that neither as a panacea for poverty,

[1] Carver has summed up well the arguments in favor of a land tax in the following words: — "Because a considerable extension of the land tax would tend to force into productive use a certain amount of land which is now held out of use for speculative purposes; because it would tend to relieve active production from the repressive burdens of taxation, and because it would tend to cut off the incomes which now support capable men in idleness thus forcing a certain amount of talent into action, we must conclude that an extension of the land tax would work well for the nation." (T. N. Carver, *Essays in Social Justice*, Cambridge, Mass., 1915, p. 303.)

[2] *Supra*, chap. XVI.

[3] Money asserts that the single tax would fall far short of furnishing adequate public revenue in the United Kingdom. He estimates that about the year 1913 British land rents amounted to £90,000,000, and that about

nor as a sufficiently stable source of governmental revenue, can we accept the single tax. But a heavy land tax, and perhaps in course of time one which will confiscate all of the rent on land, is a desirable thing for the reasons given above.

## The Income Tax

The income tax is now being used by many countries as a form of securing revenue. As a direct tax it has many advantages for this purpose. But this tax is also levied frequently for the purpose of changing the distribution of wealth, by drawing more heavily upon the incomes of the wealthier classes. This is done by means of a graduated tax, which exempts the smaller incomes and increases its rate upon larger incomes in proportion to their size. Unfortunately, however, in most if not all income tax legislation the difference between income derived from services rendered and income derived from property owned has not been recognized. And yet it is evident that this distinction should be recognized, for a man with a salary of, let us say, $5,000, is not as well able to pay an income tax as a man with an income of $5,000 from land or capital. These two kinds of income should not be taxed alike, unless property is being adequately taxed in some other way. In fact, some question may be raised as to whether service income should be taxed at all. Certainly the exemption limit should not be as low as it is in this country ($3,000 for the unmarried and $4,000 for the married), and as it is in most if not all countries. The tendency in income tax legislation should be to raise the exemption limit, and to increase the rate for the larger incomes to a corresponding degree. If in course of time it should be decided that a tax upon the incomes derived from services rendered is not desirable, (and if the destruction of the huge salaries received by some of the retainers of the very wealthy is caused by the confiscation, by taxation or

the same time the total annual governmental expenditure was £264,000,000. So that according to this estimate a tax which confiscated all of the land rent would barely pay for one-third of the government's expenses, and Money contends that the rent could not be greatly increased under a single tax. (L. G. Chiozza Money, *The Future of Work*, London, 1914, chap. 12.)

Adequate figures are not available to make a reliable estimate of the aggregate land rent in this country. But it is probable that this rent exceeds the governmental expenditures of this country.

otherwise, of the fortunes of the very rich, an income tax will be less desirable), it will probably seem best to abandon the income tax and levy a direct tax upon property.[1]

## The Inheritance Tax

The inheritance tax is now being used a great deal, both to provide revenue and to lessen the concentration of wealth. Like the income tax it usually exempts the smaller estates and is graduated. The inheritance tax is usually criticized and the right of inheritance is defended on the grounds that it is necessary to provide for dependents and to encourage the accumulation of capital. It is evident that the first reason does not call for an unlimited right of inheritance. So long as children, wives, and others are dependent upon members of their families, it is desirable that they should inherit enough to maintain themselves upon the plane of living of their class. But when the estate inherited far exceeds this amount, it is evident that it is no longer an argument for unlimited inheritance.

With regard to the desirability of accumulating capital, it is obvious that a certain amount of capital must be saved in order to maintain the industrial activities which are essential for the welfare of society. But it is not necessarily true that it will be created and saved only if it can be left in unlimited amounts to the heirs of the producers. Men will continue to produce because of the benefit they can secure from what they produce during their own lifetimes, and because of the feeling of achievement and power which it gives them, and sometimes to increase the social welfare, quite as much if not a good deal more than they do now to transmit a fortune to their descendants. Fur-

[1] Howell has proposed a graduated property tax in which a fortune of $100,000 would be taxed $50, one of $500,000 would be taxed $750, one of $1,000,000 would be taxed $2,750, one of $5,000,000 would be taxed $63,759, one of $20,000,000 would be taxed $1,005,000, one of $100,000,000 would be taxed $25,025,000. This system would, according to its author, "effectively wipe out, as economic units, not only the near-billionaire, the centi-millionaire and the deci-millionaire, but it will force the disintegration of 'The Money Trust.'" (C. M. Howell, *Economic Liberty*, in *The Editorial Review*, December, 1911, p. 1123.)

For a critical discussion of income and inheritance taxes see T. S. Adams, *Effect of Income and Inheritance Taxes on the Distribution of Wealth*, in the *Am. Economic Rev. Supplement*, Vol. V, No. 1, March, 1915, pp. 234–44.

thermore, it may happen that the creation and accumulation of capital will be regulated and controlled more and more by the state, so that it will no longer be necessary to leave it to the irregular and haphazard accumulating done by individuals.

## The Limitation of Property Ownership

The inheritance tax is therefore one of the most desirable, both in order to prevent the stupid injustice of giving to individuals wealth which they have not earned and frequently do not need, thus encouraging idleness and excessive luxury, and in order to break up large fortunes. It has been suggested by some writers that the state should go still further and place an absolute limit upon what can be owned during the lifetime of the owner, and upon the amount which can be transmitted by inheritance.[1] It goes without saying that in the democratic state

[1] Watkins, after a careful study of economic consumption, comes to the conclusion that inherited fortunes should be limited in the following manner: — "The permanent incomes received by inheritance or gift should not exceed the limit of the greatest earned incomes as determined by the highest salaries paid for industrial or other services. An inherited income of $100,000 a year is plenty." (G. P. Watkins, *Welfare as an Economic Quantity*, Boston, 1915, p. 186.)

With regard to the effect of such a limitation, Watkins makes the following comment: —

"This is by no means the same as saying that the institution of inheritance is of no benefit to society and ought to be abolished. Its value to society is of the same order as is the value of the educational advantages freely given by parents to their children. It has therefore played a leading part in the evolution of civilization. There is no reason to suppose its usefulness is at an end. But that usefulness is nowise proportioned to the amount of property given or transmitted to the individual beneficiary. Quite the contrary is true. A limited amount of inherited property is of greater benefit to the individual by reason of the limitation. The extent of the benefit conferred, moreover, is thereby multiplied, for the number of direct beneficiaries becomes proportionate to the total amount of riches. Whatever of reflected value, also, the institution may have for society is thus more generally diffused. If the time ever comes when nobody can be a multimillionaire by inheritance, the institution will be of greater social value than now." (*Op. cit.*, p. 187.)

Olly has made the more radical proposition that the maximum individual ownership be limited by Congress to $250,000, and that the maximum for inheritance, or acquisition through gift, be limited to $100,000. (Edward N. Olly, *Kings of Wealth vs. The American People*, New York, 1913.)

It goes without saying that the two methods of limiting the amount of

towards which society is now tending the huge private fortunes of today cannot and will not be tolerated.

All tax legislation, such as we have described above, should be passed with due attention to the existing conditions. That is to say, such legislation should not be so drastic as to cause a serious demoralization of industry. Inasmuch as an extensive re-distribution of wealth is bound to change greatly the economic organization of society, it should be brought about gradually, in order to permit of the necessary readjustments.

Furthermore, the expenditure of the revenue derived from such taxes is quite as important as the levying of the taxes. It is evident that if the administration of this expenditure is not honest, efficient, and democratic, the object of such taxation will not be attained or will be attained only in part.

Such taxation would bring a great deal of revenue to the state, and would transfer the ownership of a great deal of wealth to the state. This would mean the regulation and ownership of many public utilities by the government, and might lead in course of time to some form of collectivism. The desirability of this outcome we will not discuss at this point.

## Changes in Property Rights

The changes in the distribution of wealth which we have described in this chapter involve more or less extensive changes in property rights. Such changes are bound to arouse bitter opposition on the part of certain individuals and classes. This opposition comes, in the first place, from those whose property rights are curtailed by such changes, and whose fortunes and incomes are consequently lessened. It arises, in the second place, from the conservative idea that property rights are permanent and immutable. Now, as a matter of fact, a comparatively small amount of anthropological and historical knowledge shows that no property right has existed always,

income and limiting the amount which may be transmitted by inheritance will bring about the same result in the end,namely, the disappearance of excessively large fortunes and incomes.

Hutchinson has proposed that the amount which may be transmitted by inheritance at death by any one person be limited to $1,000,000, and that this $1,000,000 must be distributed among several persons. (A. L. Hutchinson, *The Limit of Wealth*, New York, 1907.)

and that these rights have constantly been changing. So that, however permanent they may appear to the present generation, a historical outlook shows that they are relatively mutable, and that they are no more "sacred" than customs, moral ideas, religious beliefs, etc., which are constantly changing. Furthermore, the nature of property rights in the past has been governed in part by social needs, that is to say, the welfare of the majority of society, and upon humanitarian grounds it is desirable that this should be increasingly true. So that the interests of the few should not be permitted to stand in the way of the welfare of the many.[1]

[1] In his recent voluminous treatise on property Ely has brought together a vast amount of data with regard to the changes in and the evolution of property rights. It may be worth while to quote a few of his conclusions.

He formulates what he calls the ethical law of ownership, but which would perhaps more correctly be called the social law of ownership, in the following terms: —

"When the service or commodity furnished is socially desirable, and especially when it is clearly and generally recognised as such, private property in the goods connected with the traffic or business is ethically permissible if legally allowed. When the service or commodity furnished is socially injurious, and especially if it is clearly and generally recognised as such, private property in the goods connected with the traffic or business is reprehensible whether legally allowed or not." (R. T. Ely, *Property and Contract in their Relations to the Distribution of Wealth*, New York, 1914, Vol. I, pp. 245–6.)

He formulates what he calls the principle of guidance in changes from private to public property, and from public to private property, in the following terms: —

"Private property yields the best results when the social benefits of private property accrue

a. Largely spontaneously;
b. When occasionally they are easily secured by slight applications of force;
c. When the social benefits of private property are secured as the result of single public acts occurring at considerable intervals.
d. Private property may yield excellent results, when in more or less frequent cases a continuous and considerable application of force may be needed to bring its management up to a socially established ethical level.

"But in proportion as the social benefits desired are secured by increasingly intensive and increasingly frequent applications of public power, the advantages of private property become smaller as contrasted with the advantages of public property." (*Op. cit.*, p. 352.)

Reference may also be made to John Stuart Mill's discussion of changes in the right of private property in his famous essay on Socialism.

## CHAPTER XXVII

# THE PRODUCTIVENESS OF SOCIETY

The elimination of waste — The waste from the excessive inequality in the distribution of wealth — The waste of productive labor — The waste of economic goods — The waste of natural resources — The instability of industry — The trade cycle — Concentration of wealth through speculation — Modern business enterprize — The stabilizing of industry — Business concentration and combination — The efficiency of the workers — Vocational training — Scientific management.

One of the ways of increasing the productiveness of society is to eliminate waste. It goes without saying that there are a great many kinds of waste, and we shall be able to speak of only a few of its principal forms.

### The Elimination of Waste

The first form of waste we shall discuss is the waste which results from the excessive inequality in the distribution of wealth. The amount produced by society is most truly measured in the volume of human happiness caused by the ownership and use of economic goods. If the available supply of economic goods is distributed in such a fashion that it causes very much less happiness than it would if distributed in some other fashion which is feasible, there is obviously a great waste, and society is not producing as much happiness as it might. The preceding chapters of this book have shown that this is the situation at present. We have seen that a small number of persons own and expend a very large part of the wealth of society. When we deduct from the income of this small group what is needed to keep them in physical and mental comfort and what they give in philanthropy, which unfortunately frequently does little or no good to the rest of society, there remains an enormous amount which must be and is spent in extreme forms of luxury. It is evident that this luxurious expenditure can produce a com-

paratively small amount of happiness, because it affects only a few, and because these few have already nearly reached the point of satiety where they can derive little or no more enjoyment from further expenditure.

On the other hand, there is the vast mass of those in poverty, and those who are suffering the misery which results from poverty. The wastefulness of the luxurious expenditure of the rich is made all the more apparent when we consider the enormous amount of happiness this wealth would cause if it were used to raise the standard of living of the poor. The objection always made against this suggestion is that, however desirable such a re-distribution of wealth would be, it is not feasible, and that the present extreme between riches and poverty is inevitable in our modern system of industry. This is a fair question for debate; for if such a re-distribution would wreck industry, poverty would be the smaller of the two evils. But in the preceding chapters and elsewhere in this book we have already furnished a good deal of evidence that such a re-distribution, or rather the system of industry which such a re-distribution involves, is feasible, and we shall furnish more evidence on this point in the course of the remainder of this book.

This great inequality in the distribution of wealth also causes a great waste of human labor and talent. On the one hand, riches induce idleness and the dissipation of talent in harmful forms of luxury. On the other hand, misery weakens and lessens the efficiency of the poor. While it is impossible to measure such phenomena accurately, it is hard to believe that the loss brought about in these ways does not far outweigh the alleged gain from the stimulus to effort and exertion furnished by the opportunity to acquire great wealth. Certain it is that the scale of rewards is a relative thing, and may vary greatly without affecting the amount of effort exerted. Under the present system of business enterprize it has become possible to amass huge fortunes, and the persons who own these fortunes and the corporations which make large profits are able to pay enormous salaries to their managers, lawyers, engineers, and others who render them expert services. This situation has forced the scale of rewards up to a high point. But if through various changes, some of which have been suggested in this book, it was no longer possible to acquire these huge fortunes, or to pay these enor-

mous salaries, men would put forth as much effort to acquire the smaller rewards which would now become the maxima.[1]

Productive labor is wasted in many other ways. We have already seen how much is wasted through unemployment caused by the irregularity of industry, seasonal trades, industrial warfare, etc. Furthermore, as industry is now organized there is no place for many whose labor should be utilized. It is true that female labor is being used much more now than in the past. But as woman becomes more independent economically her labor can be utilized still more. Then there are those who are physically or mentally handicapped in one way or another, and for whom there usually is no place in industry. Under present conditions it is also important frequently that the aged should have work, but usually they cannot secure it. However, it is to be hoped that the time will come when the aged can be retired from industry upon pensions. When this time comes, society should be so organized economically that each individual will be producing along the line of his ability by working a few hours a day through his maturity, thus leaving childhood and early youth free for preparation for work, and leaving old age free for the enjoyment of the fruits of his labor.

Much labor is also wasted by being put into forms of work which are not truly productive. From the point of view stated at the beginning of this chapter, the labor put into the making of objects of luxury for the rich is not truly productive. But much labor is wasted in the production of many objects needed by the poor. For example, the enormous expense of advertising adds considerably to the cost of many of these objects. The lessening of competition, either through the large scale organization of private business which we already have to a considerable extent in the form of combinations and trusts, or through the public ownership and management of at least the most important and necessary of the industries, would save much of this expense of advertising. The profits of middle men, who would not be needed if trade were more efficiently organized, add

[1] Compare, in this connection, a discussion of the rewards of enterprizers by Anna Youngman, *The Economic Causes of Great Fortunes*, Chicago, 1909, chap. 6.

considerably to the cost of many necessary objects while they are on their way from producer to consumer.[1]

It goes without saying that there is much waste of economic goods which might be prevented. For example, the domestic economy of most households is carried on in a very inefficient and wasteful way. Most of this waste could be saved, if a little scientific instruction were given to all housekeepers. It is hardly necessary to comment upon the enormous loss of economic goods in the course of any war. Owing to competition, or to the "boom" conditions of a period of prosperity, a good many economic goods are produced for which there is no demand, and which consequently go to waste. Industrial managers frequently are slow to adopt improved methods of production which would save both material and labor.

In a new country there is usually a reckless waste of natural resources. This has been true of this country, and its effect is shown in part by the pressure of population upon the natural resources which, as we have seen, is already beginning to manifest itself. The waste of natural resources constitutes an irremediable loss, for they cannot be replaced. Consequently the government should safeguard them in the interest of the public against exploitation and waste by promoters and private corporations. That is why the recent national movement for the conservation of natural resources is of much importance.

As one writer on the subject has said — "The great problem which confronts more than nine-tenths of the human race to-day is that of securing food. This does not apply simply to densely populated countries, such as India and China; it applies to the larger number of people in the United States and Europe. It is the aim of conservation to reduce the intensity of the struggle for existence, to make the situation more favorable, to reduce mere subsistence to a

[1] King has collected a good deal of data on this point with regard to food costs, in his recent book on urban cost of living. For example, he presents a table with regard to food costs in Philadelphia which shows "that the excess of the price paid by the consumer over the price received by the producer ranges from 67 per cent to 266 per cent, the average being 136 per cent. In other words, the farmer received $1.00 for goods for which the Philadelphia consumer paid $2.35." (C. L. King, *Lower Living Costs in Cities*, New York, 1915, p. 18.)

subordinate place, and thus give an opportunity for development to a higher intellectual and spiritual level." [1]

## The Instability of Industry

Let us now turn to the changes which will increase the amount of wealth available for human use, not only by the negative method of preventing waste, but also by the positive method of increasing the amount of new wealth created by the productive forces of society. At many points in the course of this book it has been evident that much waste is caused and the creation of a great deal of wealth is prevented by the unsteadiness and irregularity of business enterprize. Inasmuch as industry is directed and managed by business enterprize, this unsteadiness leads to an instability of industry which manifests itself in unemployment and the fluctuations in wages which constitute so great a hardship for the working class. The discussion of this subject will bring us to the very heart of the great problem of the organization of society for the production of wealth. And inasmuch as the distribution of wealth is determined in large part by the manner in which it is produced, it brings us again to the problem of distribution as well. It is evident that we can do no more than barely touch upon this subject in this place. But our brief discussion may at least indicate some of the problems which must be solved before poverty can be abolished entirely or in large part.

## The Trade Cycle

This unsteadiness of modern business enterprize is manifested in the so-called trade cycle, which has characterized the business and industrial world for the past century or more. During this period there have been several of these cycles which have varied considerably in length. Some of them have lasted as long as a decade, some a longer and some a shorter time. Each of these cycles is characterized by a period of business prosperity during which prices rise and there is a great expansion of enterprize, followed by a panic and crisis during which there is a widespread attempt to liquidate, a more or less general breakdown

[1] C. R. Van Hise, *The Conservation of Natural Resources in the United States*, New York, 1910, p. 364. See also L. G. Chiozza Money, *Things That Matter*, London, 1912, chap. 22.

of the credit system, and the failure of many business concerns. After the panic and crisis comes a period of business depression, when prices fall and business enterprize restricts its activities. The effect of this train of events upon the poorer classes is obvious. During the period of prosperity there is an increased demand for labor which tends to lessen unemployment and to raise wages, though usually wages do not go up as much as prices. The net result for the workers, therefore, usually is that it is a period of prosperity for them as well as for the capitalists and enterprizers. During the period of business depression the demand for labor lessens, unemployment increases, and wages fall along with prices. So that this period tends to increase the poverty of the working class, just as it tends to decrease the interest and profits of the capitalists and enterprizers.

We have not the space to discuss at length the causes of the trade cycle. As a matter of fact, there have been many different theories as to these causes.[1] But there are a number of facts with regard to the trade cycle which are of great significance for our study. The trade cycle indicates a lack of organization in the business world, for with a more efficient organization such great fluctuations as those which take place in the course of the cycle would be eliminated. This lack of organization or ineffective organization manifests itself most specifically in a lack of adjustment between supply and demand. As we have already noted, during the period of prosperity business enterprize expands greatly, and consequently the amount of wealth produced is greatly increased. The result usually is that more is produced of many kinds of goods than is demanded by the consumers, and the total amount produced is greater than can be bought up by the purchasing power of the community. The result is overproduction, causing the waste of a large amount of wealth, the failure of many business concerns, and the shrinking of business enterprize, which brings on the period of depression. Further-

[1] Summaries of many of these theories as well as a vast amount of data with regard to the trade cycle can be found in the following works: —

E. D. Jones, *Economic Crises*, New York, 1900.

T. E. Burton, *Financial Crises and Periods of Industrial and Commercial Depression*, New York, 1902.

G. H. Hull, *Industrial Depressions or Iron the Barometer of Trade*, New York, 1911.

W. C. Mitchell, *Business Cycles*, Berkeley, Cal., 1913.

more, the panic and crisis frequently indicate a breakdown of the complex banking and credit system which has developed in the modern business world.

It is evident, therefore, that the present system lessens the amount of wealth produced and consumed by society considerably below the amount which it might produce and consume. This is because of the loss of labor force caused by the unemployment and deterioration of workers and the waste of capital during the periods of depression, and the waste of consumption goods caused by the over-production during the periods of prosperity.

### Concentration of Wealth Through Speculation

There is another result from the trade cycle which is of great importance for our study. The fluctuations of prices in the course of the cycle increase greatly the opportunities for speculation. This has stimulated greatly the amassing of great fortunes, and thus the concentration of wealth in the hands of a few which, as we have seen, has been going on so rapidly during recent years. At a time of panic and crisis and during the succeeding period of depression, there are many business men and others who must liquidate their property immediately, in order to avoid failure, or for some other reason. This offers an excellent opportunity for speculation by the shrewd investor with some money. At such a time he can buy up land, industrial securities, and various other forms of property, at very low prices, frequently far below their real value. It is in this fashion that many of the great fortunes of today have in large part been built up.[1] In fact, a panic and crisis afford such excellent op-

[1] Anna Youngman has presented the evidence of the part played by speculative investment in building up the Astor and the Gould fortunes, and the fortunes of the "Standard Oil" and the "Morgan" groups of millionaires. (*The Economic Causes of Great Fortunes*, Chicago, 1909, chaps. II–V.)

The following quotations are of interest in this connection: —

"The foreclosure sales and reorganizations to which depression gives rise afford the best opportunity for the increase of fortunes already large, and for the rise of business magnates already powerful. In this way depression promotes the centralization control in the world of business. But, on the contrary, it often weakens or destroys loosely cemented alliances or pools for the regulation of competition. And the promotion of great combinations among business enterprises formerly independent is usually

portunities for speculation that there is some reason to believe that some of the panics and crises have been created or at least stimulated by speculators who were in a position to profit by them. Furthermore, it is known that speculators have in certain cases manipulated the stocks of railroads and other industrial concerns in such a fashion as to reap large harvests from them.[1]

## Modern Business Enterprize

These facts are most instructive with respect to the present economic system. This system is based upon the theory of free competition between capitalists and business enterprizers amongst themselves for profits and interest, and between the workers amongst themselves for wages. While there are some restrictions upon this freedom of competition, which are perhaps increasing at the present time, still it is in the main true of the business and industrial world. Under this régime of free competition supply is adjusted to demand and prices are regulated after a fashion. But, as we have seen, these ends are attained so roughly and crudely as to cause these violent fluctuations in industry and commerce, which increase the great inequality in the distribution of wealth, decrease considerably the amount of wealth produced, and, for these as well as for other reasons, increase greatly the hardships of the poorer classes. The dominating motive in the production of wealth is the winning of profits for individuals. So long as this is true, and so long as each producer is working more or less independently of other producers, the confusion which exists is bound to continue, with its train of resultant evils. Whether or not this is the only possible method of production in

undertaken in the middle stages of prosperity, when investors are optimistically inclined and before the money and bond markets have become stringent." (W. C. Mitchell, *op. cit.*, p. 598.)

"'Far seeing investors,' too, seemed to be a most appropriate name for the class of shrewd individuals who always make contracts for large amounts of construction when prices are very low, and who stop making such contracts as soon as prices make any material advance. There is no more question that such a class exists than there is that rich and poor exist. In fact, the very rich class is probably largely the result of the acts of this class of far-seeing, shrewd investors." (G. H. Hull. *op. cit.*, p. 213.)

[1] See, for example, C. F. Adams, Jr., "A Chapter of Erie" and "An Erie Raid," in *Chapters of Erie and other Essays*, Boston, 1871.

our modern world, or is the most feasible and desirable one, despite its attendant evils, is a very difficult question which we cannot answer in this book, though we shall discuss some aspects of this question presently. But it is important to point out the ways in which the fundamental and inherent features of the present system inevitably lead to the conditions of poverty which we are interested in studying.[1]

[1] In his illuminating analysis of modern business enterprize Veblen discusses at length the theory of modern welfare. It may be worth while in this connection to quote the passage in which he compares the new with the old economic régime, with respect to its effect upon social welfare: —

"Before business principles came to dominate everyday life the common welfare, when it was not a question of peace and war, turned on the ease and certainty with which enough of the means of life could be supplied. Since business has become the central and controlling interest, the question of welfare has become a question of price. Under the old régime of handicraft and petty trade, dearth (high prices) meant privation and might mean famine and pestilence; under the new régime low prices commonly mean privation and may on occasion mean famine. Under the old régime the question was whether the community's work was adequate to supply the community's needs; under the new régime that question is not seriously entertained.

"But the common welfare is in no less precarious a case. The productive efficiency of modern industry has not done away with the recurrence of hard times, or of privation for those classes whose assured pecuniary position does not place them above the chances of hard times. Distress may not be so extreme in modern industrial communities, it does not readily reach the famine mark; but such a degree of privation as is implied in the term 'hard times' recurs quite as freely in modern civilized countries as among the industrially less efficient peoples on a lower level of culture. The oscillation between good times and bad is as wide and as frequent as ever, although the average level of material well-being runs at a higher mark than was the case before the machine industry came in.

"This visible difference between the old order and the new is closely dependent on the difference between the purposes that guide the older scheme of economic life and those of the new. Under the old order, industry, and even such trade as there was, was a quest of livelihood; under the new order industry is directed by the quest of profits. Formerly, therefore, times were good or bad according as the industrial processes yielded a sufficient or an insufficient output of the means of life. Latterly times are good or bad according as the process of business yields an adequate or inadequate rate of profits. The controlling end is different in the present, and the question of welfare turns on the degree of success with which this different ulterior end is achieved. Prosperity now means, primarily, business prosperity; whereas it used to mean industrial sufficiency." (Thorstein Veblen, *The Theory of Business Enterprise*, New York, 1904, pp. 177–8.)

## The Stabilizing of Industry

Various methods of preventing the alternations between the periods of prosperity and of depression, and thus wiping out the trade cycle, have been proposed. One suggestion which has frequently been made is that some kind of a business barometer be devised, by means of which it would be possible to determine to what extent business enterprize is expanding, and consequently to what extent the output of wealth is to be increased.[1] Then if business men could be induced to be influenced somewhat in their business policy by the indications of this barometer, the excessive expansion of enterprize leading to over-production, and the consequent panic, crisis, and period of depression, might be prevented. It is not certain, however, that business men will ever be sufficiently influenced by such a barometer to make this method a success. So long as the lure of profits exists, there will doubtless be enough business men who will take the gambling chance to bring on over-production. Furthermore, even with a very excellent barometer of trade, it is not certain that under a régime of private business enterprize supply and demand can be adjusted as well as under some other system.

Another method which has been suggested is to make the

[1] For example, one of the barometers which has been suggested is the following: —

"What the industries have suffered from most in the past is the lack of knowledge as to the volume of construction under contract for the future, and the capacity of the country to furnish construction materials in the future.

"What the industries most need, therefore, is monthly information of the future demand for construction materials as far ahead as construction contracts are entered into, and monthly information of the capacity of the country to produce construction materials as far ahead as the increase or decrease in capacity can be known." (G. H. Hull, *op. cit.*, p. 219.)

Such a barometer is being furnished in part at the present time by various governmental publications, by trade journals, by commercial statistical agencies, etc. But it is hard to determine to what extent the information coming from these sources influences business men.

Perhaps the most fundamental measure of all would be a form of education for business men which would give them some comprehension of the organization of the economic world as a whole. With such an outlook they would be more likely to heed the indications of such barometers as are mentioned above. (*Cf.* E. D. Jones, *op. cit.*, pp. 212–17.)

banking system more efficient. It is true that many panics and crises have been aggravated by the breaking down of the banking facilities resulting in a lack of credit and of currency. This may be prevented by strengthening the banking system, so that it will be able to furnish the necessary credit and currency at such a time. A strong banking system may indeed succeed sometimes in averting a panic and crisis. But so long as the fundamental causes of the trade cycle remain, a strong banking system cannot be expected to prevent these fluctuations of trade.

We have already referred [1] to the suggestion made by the Webbs that the government hold back some of its orders from year to year during the period of prosperity, and give them out when the period of depression comes, thus evening up in part at least the amount of employment for the workers. They estimate that if the British government should hold back no more than three or four per cent of its orders, this would be sufficient to bring about the necessary adjustment between the periods of prosperity and of depression.

This, they contend, would increase the amount of wealth produced, for, as they say, "to a large extent the regularisation of the national aggregate demand for labour, which the rearrangement of the Government works would produce, or at any rate tend towards producing, would mean a real addition to the productivity of the nation. It is not commonly remembered that, in our present industrial anarchy, capital is periodically unemployed as well as labour. At every depression of trade furnaces are blown out, ships are laid up, mines are shut down, works are closed, plant and machinery lies idle, mills run only half-time, warehouses and shops find their turnover reduced far below their capacity, capital in mobile form heaps up at the banks, the gold reserve swells at the Bank of England, and the rate of discount goes down to 2 per cent. If, by a regularisation of national demand, we prevent this recurrent idleness of capital, concurrently with the involuntary idleness of unemployed men, we make a real addition to the national product, increasing both profits and wages." [2]

However, the Webbs do not claim that this scheme would prevent the trade cycle, though they seem to think that it would

[1] *Supra*, chap. XX.

[2] S. and B. Webb, *The Prevention of Destitution*, London, 1911, pp. 120–1.

obviate most of the evils attendant upon it. And as to whether it would prevent most of the unemployment in Great Britain, I will not attempt to say. It is evident that it would slightly lessen the demand for labor during the period of prosperity. And inasmuch as under the present régime the demand for labor does not usually exceed the supply, even during a period of prosperity, this may not be desirable. However, it is doubtless desirable to even up the amount of unemployment between the periods of prosperity and of depression, because this will lessen the suffering of the poor during the period of depression, and will obviate some of the depreciation of ability which they experience during this period. But it is doubtful if a similar policy could have as great an effect in this country, because of the greater extent and diversity of the area and business of this country, and because the governmental expenditures of this country probably do not form as great a part of the total national expenditure as is the case in Great Britain.[1]

### Business Concentration and Combination

It is possible that the solution of the problem of the trade cycle will be found in a movement which is now very strong in the economic world. This is the tendency towards concentration and combination in business. Industry is becoming organized more and more on the basis of the combination or trust possessing a monopolistic power, or of a large corporation which

[1] During the year 1913 the expenditures of the national government, states, counties, and incorporated places having a population of 2,500 and over aggregated about five and one half billions of dollars ($5,526,561,373). But more than one and one-half billion ($1,643,519,003) of this was for the redemption of debt obligations. So that there remained less than four billions any part of which could be withheld for expenditure during a period of depression. If as much as five per cent of this were withheld during the period of prosperity it would mean that about two hundred millions a year would be withheld, and if the period of depression lasted as long as the period of prosperity there would be this much to add to the total expenditure during each year of the period of depression. It is impossible to estimate even approximately the total annual expenditure of this country. But it doubtless is so great that an added expenditure of two hundred millions, or even several times that amount, could not materially improve the situation during a period of depression. (For the above figures see the *Abstract of Special Bulletins Wealth, Debt, and Taxation, 1913,* Bureau of the Census, Washington, 1915.)

may not have a monopolistic power but which produces on a large scale. These large concerns can secure for their management the services of men of the greatest business ability. Because of the large scale upon which these men conduct their business, they can see the relation between supply and demand much better than the average small producer, and can foresee much better the future course of business. For these reasons it is probable that the movement towards concentration and combination will check somewhat the tendency to overproduce during periods of prosperity.

It goes without saying that there are grave dangers in the way of this tendency towards concentration and combination, such as too great a restricting of competition, too great a development of monopolistic power, too great a concentration of wealth in the hands of a few, etc. We have not the space to discuss these dangers at length. But it is possible that these dangers can be prevented, while the advantages in the way of a more effective organization of business and industry to be derived from this movement can be retained.[1]

Furthermore, beyond this tendency towards centralization and combination looms up the possibility of state ownership and control, to which this tendency may ultimately lead. It may be that under some form of state socialism it will be possible to have the most effective organization of trade and industry. We shall have occasion to discuss this subject in the following chapter.

### The Efficiency of the Workers

Let us now consider briefly how the productiveness of society can be increased by raising the efficiency of the workers. It is

[1] One of the most ardent advocates of this tendency towards concentration and combination sums up his argument on this point in the following words: —

"In conclusion there is presented as the solution of the difficulties of the present industrial situation, concentration, coöperation, and control. Through concentration we may have the economic advantages coming from magnitude of operations. Through coöperation we may limit the wastes of the competitive system. Through control by commission we may secure freedom for fair competition, elimination of unfair practices, conservation of our natural resources, fair wages, good social conditions, and reasonable prices." (C. R. Van Hise, *Concentration and Control*, New York, 1912, p. 277.)

evident that their efficiency can be raised somewhat by improvements in their living and working conditions. These improvements may come about through the charitable efforts of philanthropists, through welfare work carried on by the employers, or through governmental measures of all kinds. We have already discussed some of the ways in which these improvements may be brought about. But I wish to speak of two specific ways in which the efficiency of the workers can be raised.

### Vocational Training

The first of these is vocational training. We have already had occasion to note, in discussing unemployment, the great extent to which the unemployables are individuals who in their early youth entered blind-alley occupations, that is to say, occupations which do not fit the worker for more productive and more remunerative forms of labor. Through the pressure of poverty, the shortsightedness and sometimes the unscrupulousness of parents, many of the young, as soon as they reach the legal working age, and sometimes earlier, enter the first occupation which gives them remuneration. Usually this is not a form of work which trains them for higher forms of labor, for to enter the skilled trades it is necessary to pass through a period of training and apprenticeship, during which there is little or no remuneration. It is evident, therefore, that to prevent these evils several things need to be done. In the first place, the law should put the age at which the child can go to work sufficiently high to provide plenty of time for the preliminary education and training. In the second place, the young should be furnished the advice and guidance and the opportunity for experimentation which will enable them to choose their occupations wisely. In the third place, there should be facilities for free industrial training of all sorts. In the fourth place, there should be continuation schools in which the young worker can continue his industrial education after he has gone to work. Most if not all of these facilities can be supplied through the public school system. The movements for vocational guidance and industrial education in this country, England, Germany, and elsewhere, should before long result in a system which will amply supply these facilities to the working population.

But there is another aspect of this subject which is frequently ignored by those who are working for vocational guidance and industrial education. It is evident that such guidance and training is of little value if the individual who receives it is not given an opportunity to make use of it. In other words, the trained workman must be given a job in which he can use his training. Some attempt is usually made to accomplish this in connection with vocational guidance and industrial training by means of employment bureaus. Such bureaus doubtless bring some trained workmen in touch with suitable jobs who would not otherwise find them. But it is evident, as we have already had occasion to note earlier in this book, that such bureaus cannot create new jobs. It is possible that these facilities for training and placing workmen, by furnishing a larger supply of skilled workmen, may stimulate a little more business enterprize, and thus lead indirectly to a few more jobs. But with industry organized as it is at present under the direction of private business enterprize, it is very doubtful if these factors can stimulate much new industry.

These considerations again indicate what we have already had occasion to note several times, namely, that the economic organization of society is still very ineffective for utilizing at all fully the productive forces of society. So far as the productive force of labor is concerned, the social ideal should be to make use of the best that is in each individual, and then to insure as far as possible the useful consumption of all that is produced. As time goes by the forms of labor which require little or no skill should be accomplished more and more by means of machinery, and such forms of drudgery as will always remain should be turned over to those who on account of physical or mental defects, old age, or any other reasons are incapable of doing skilled labor. The effective utilization of these productive forces is one of the most important and most difficult problems which society faces today.

### Scientific Management

The second way in which the efficiency of the worker may be raised is by means of what is ordinarily called scientific management. During the last three decades or more, by means of

careful experiments carried on in workshops and factories, there has been developed the art of applying scientific principles to the methods used by the worker. That is to say, while it goes without saying that almost the whole of modern industry is due to the application of scientific principles, this new art is concerned especially with the application of these principles to the work of the individual workman. It is a fact open to the observation of any one that there is a great deal of waste in the work of the average laborer. So that it is not surprising that in almost every case, if not in every case, where scientific management has been applied, there has been a large increase in the output. For the reason, therefore, that scientific management increases greatly the productiveness of the worker, it should be applied as far as is safe and practicable.[1]

There are, however, a number of criticisms which have been made of scientific management. They have been well summed up by a writer who is favorable to scientific management in the following words: —

"The criticisms urged against Scientific Management in the discussion thus far may be grouped under the following heads: —

"I. That it is a system of driving.

[1] The principles of scientific management have perhaps been stated best by the man who was during his lifetime its leading exponent, the late Frederick W. Taylor. Taylor says that in the cases where scientific management has been applied "the useful results have hinged mainly upon (1) the substitution of a science for the individual judgment of the workman; (2) the scientific selection and development of the workman, after each man has been studied, taught, and trained, and one may say experimented with, instead of allowing the workmen to select and develop in a haphazard way; and (3) the intimate coöperation of the management with the workmen, so that they together do the work in accordance with the scientific laws which have been developed, instead of leaving the solution of each problem in the hands of the individual workman. In applying these new principles, in place of the old individual effort, to each workman, both sides share almost equally in the daily performance of each task, the management doing that part of the work for which they are best fitted, and the workmen the balance." (*The Principles of Scientific Management*, New York, 1911, p. 60.)

Along with scientific management should be mentioned the application of psychological tests to determine the kind of work for which an individual is best fitted. This subject is also closely related to vocational guidance. The best exposition of this subject has been given by Hugo Münsterberg, in his book entitled *Psychology and Industrial Efficiency*, Boston, 1913.

"II. That its increased specialization enhances the monotony of the individual workman.

"III. That it tends to destroy the initiative, skill and judgment of the individual workman.

"IV. That it does not solve the problem of the inequitable distribution of wealth.

"V. That its existence is incompatible with that of organized labour." [1]

An unprejudiced survey of the results accomplished by scientific management will, I believe, show that none of the three first criticisms are necessarily or usually true of it. While driving, in the form of speeding up, has doubtless been attempted by some employers under scientific management, it is not in accordance with the principles of scientific management, and could not be widespread under such management. Probably in very few cases has such management increased the monotony of work, while in many cases it has doubtless stimulated the interest in the work. While in some cases it may lessen the opportunity for initiative by setting a fixed task for the workman, scientific management is theoretically, at any rate, in favor of encouraging individual initiative as much as possible.

The fourth of the criticisms of scientific management cited above is undoubtedly true. So far as I am able to discover from a survey of the literature of scientific management, the scientific managers have not made a single constructive suggestion with regard to the distribution of wealth. In fact, no one of them seems as yet to have made a study or to have any ideas with respect to the ultimate effect of scientific management, if it becomes at all widespread, upon the production and the distribution of wealth. And yet, if the effect of this form of management is to be as far reaching as is claimed by its exponents, it is certain to cause great changes both in the production and the distribution of wealth. They may say that it is not the function of scientific management to solve the problem of the distribution of wealth. But they claim that it will change the methods of production greatly, and changes in the production of wealth are of significance for its distribution as well.

[1] C. B. Thompson, *The Case for Scientific Management*, in the *Sociological Review*, Vol. VII, No. 4, Oct., 1914, p. 316. The reply of this writer to these criticisms is worth reading.

It is hardly possible as yet to do more than conjecture as to the ultimate effect of scientific management upon the production and distribution of wealth. It is evident that its immediate effect in the factories and shops in which it has been introduced has been to increase greatly the amount produced. This has doubtless, in most if not all cases, increased greatly the profits of the employers. It has also increased the remuneration of the employees. But so far as it is possible to determine from the published accounts, the remuneration of the employees has increased much less than the profits of the employers.[1] While the employees have been given bonuses and higher rates of wages as incentives to produce more, and sometimes in order to hold workmen trained under scientific management, the increase in their remuneration has been far from commensurate with the increase in the profits of their employers. So that scientific management has so far done nothing to lessen the inequitable distribution of wealth, and has indeed increased its inequity.

What is likely to happen if it becomes universal? The employers who at present have such management have an advantage over other employers, which enables them to increase their profits. But if it becomes universal, then this would be no advantage to any employer, and competition between producers might bring the rate of profits of these employers down again to the average rate. In similar fashion the workers now under scientific management receive larger remuneration than their fellows in other concerns. But if it becomes universal, this would be no advantage to any worker, and competition among the workers might bring the rate of wages of these workers down again to the average wage. If this proves to be the course of events, scientific management may have much the same effect upon the working class as the introduction of machine methods during the industrial revolution a century or more ago. It may increase the amount produced greatly, but may give the working class a much smaller share of the total amount. It may temporarily at least, as a result of the great increase in efficiency, drive a great many workers out of employment,

[1] See for example the interesting case of "Schmidt" described by Taylor. (*Op. cit.*, pp. 26–8.) While the amount produced by this workman nearly quadrupled, his wages less than doubled.

and thus increase greatly the amount of unemployment and the resulting misery. These are results very likely to follow if private business enterprize proves no better able to assimilate and utilize improvements in methods of production by a commensurate expansion of industry than it has in the past.

It is probable that a great increase in the amount produced caused by scientific management would be reflected in a somewhat higher rate of wages for the workers. In fact, it is claimed by some exponents of such management that, in order to have the efficiency required by this form of management, the workers must maintain a fairly good standard of living, so that under such management they are certain to be given decent wages.[1] But it is evident that even if this be granted in favor of such management, it does not solve in any satisfactory or final manner the problem of the distribution of wealth, for it is probable that under such management the inequality of distribution and the concentration of wealth would continue to increase even more rapidly than at present.

As to the fifth of the criticisms quoted above, this much at least is certain, that organized labor has so far displayed much hostility towards scientific management. This hostility has been due in part to a misunderstanding of the nature of such management, and to a narrow outlook. Some of the laborers have regarded it as solely or in large part a scheme for speeding up the workmen in a shop. This is obviously a misunderstanding in the main of the true nature of scientific management. Some laborers have opposed it from a desire to restrict the output, because they have held the theory, which is usually fallacious, that by lessening the output they could increase their own wages. This theory, which has been more or less prevalent among workingmen, has led on many occasions to a good deal of opposition to more efficient methods of production.

But even after we set aside the mistaken reasons for this opposition, there still remain valid reasons for such hostility. To begin with, the requirement is invariably or almost invariably made by scientific managers that no workmen under their

[1] See, for example, Morris L. Cooke, *The Spirit and Social Significance of Scientific Management*, in the *Jour. of Political Economy*, Vol. XXI, No. 6, June, 1913, pp. 481–93.

direction shall be members of labor unions.[1] This requirement is justified on the ground that rates of wages, hours of labor, and every other feature of the work must be regulated according to the principles of scientific management, otherwise such management cannot succeed. This is a part of the demand for an autocratic management of a concern made by these managers, not only upon the workmen but upon the employers as well. Now it is obvious that, whatever arguments of efficiency may be made in behalf of such autocratic control, workingmen and especially organized workingmen are certain in the long run to react violently against any such autocratic management. So that even though they may submit to it for a time, owing to ignorance or to the bonuses they are receiving, the clash is sure to come in the end, unless the scientific managers make concessions.

These considerations indicate what is perhaps the most serious aspect of scientific management, namely, its relation to indus-

[1] A representative of organized labor has stated this fact in the following words: —

"One feature of scientific management which has interested labor is its evident opposition to collective bargaining between organized workmen and their employers. The claim is practically made by some of its leading exponents that the system cannot be successfully applied unless the huge corporation insists on dealing with the workman as an individual and then on bringing every possible pressure, including discharge, upon him." (John P. Frey, *The Relationship of Scientific Management to Labor*, in the *Jour. of Political Economy*, Vol. XXI, No. 5, May, 1913, p. 408.)

This same writer contends that "scientific management" is not scientific in many respects, and characterizes "true" scientific management as follows: —

"Organized labor believes that true scientific management is that which reduces the cost of production by eliminating useless labor, which improves the facilities for doing work by surrounding the workmen with good light, pure air, sanitary conditions, and safeguarded machinery. It is a system of management under which care will be taken to prevent workmen from overstrain as well as to provide that their output shall reach an adequate standard, and which will afford ample opportunity for the fullest development of mechanical and manual skill on the part of all workmen. It is a system under which the terms and conditions of employment will be governed by agreements entered into by employers and their workmen as a collective body. And finally, it is a form of management which will never allow quality to be sacrificed for quantity, nor men, women, and children to be classified with machines. The equity right of human flesh and blood must be recognized by any system that would endure." (*Op. cit.*, p. 411.)

trial democracy. This change in industry, like many that have gone before, is in the main imposed upon the worker from outside. And while there is some opportunity for the display of initiative in the matter of details, and while, as always in the past, the more able of the workmen can work their way up into higher positions, scientific management tends in the main to extend further the mechanical process in industry, and to make the workers to a still higher degree mere cogs in the machine and slaves of the great capitalistic system which now dominates industry. It goes without saying that such workmen are not well fitted to take their places as members of a democracy. In the next chapter we shall discuss the importance of industrial democracy for the prevention of poverty.

But scientific management may have an effect upon workmen much worse than merely unfitting them for democracy. It may dehumanize and brutalize some of them to a considerable degree. For example, Taylor, in a passage which has been frequently quoted and much criticized, speaking of the requirements for a certain kind of work to which he had applied scientific methods, says: — "Now one of the very first requirements for a man who is fit to handle pig-iron as a regular occupation is that he shall be so stupid and so phlegmatic that he more nearly resembles in his mental make-up the ox than any other type. The man who is mentally alert and intelligent is for this very reason entirely unsuited to what would, for him, be the grinding monotony of work of this character. Therefore the workman who is best suited to handling pig-iron is unable to understand the real science of doing this class of work." [1]

It must be borne in mind that Taylor is referring here to work of a low order, and that the same brutish traits would not be required by higher grades of work. But his statement raises the question whether scientific management does not require a serious human sacrifice in order to attain the efficiency towards which it is directed. If so, there at once arises the question whether it is worth this sacrifice. It is possible that the benefits to be derived from such efficiency cannot be secured without this sacrifice. It is, however, quite probable that the further use of machinery will obviate this sacrifice

[1] *Op. cit.*, pp. 34–5.

in large part if not entirely, and this is the end for which to strive.[1]

Summing up, then, our criticisms of scientific management, we see, in the first place, that it does not solve the problem of the unequal distribution of wealth, and may indeed accentuate it. In the second place, such management is on the whole undemocratic, and is sometimes even brutalizing in its character.[2]

At the same time it must not be forgotten that the application of scientific principles to the methods used by the worker in industry will increase his output greatly. So that the wise policy is to endeavor to secure the benefits of the application of

[1] Hobson has been one of the severest critics of scientific management for the above-mentioned reason. He sums up an indictment of it in the following terms: —

"Indeed, were the full rigor of Scientific Management to be applied throughout the staple industries, not only would the human costs of labor appear to be enhanced, but progress in the industrial arts itself would probably be damaged. For the whole strain of progress would be thrown upon the Scientific Management and the consulting psychologist. The large assistance given to technical invention by the observation and experiments of intelligent workmen, the constant flow of suggestion for detailed improvements, would cease. The elements of creative work still surviving in most routine labor would disappear. On the one hand, there would be small bodies of efficient taskmasters carefully administering the orders of expert managers, on the other, large masses of physically efficient but mentally inert executive machines. Though the productivity of existing industrial processes might be greatly increased by this economy, the future of industrial progress might be imperilled. For not only would the arts of invention and improvement be confined to the few, but the mechanization of the great mass of workmen would render them less capable of adapting their labor to any other method than that to which they had been drilled. Again, such automatism in the workers would react injuriously upon their character of consumers, damaging their capacity to get full human gain out of any higher remuneration that they might obtain. It would also injure them as citizens, disabling them from taking an intelligent part in the arts of political self-government. For industrial servitude is inimical to political liberty. It would become even more difficult than now for a majority of men, accustomed in their work-day to mechanical obedience, to stand up in their capacity of citizens against their industrial rulers when, as often happens upon critical occasions, political interests correspond with economic cleavages." (John A. Hobson, *Scientific Management*, in the *Sociological Review*, Vol. VI, No. 3, July, 1913, pp. 211–2.)

[2] For additional detailed criticisms of scientific management, see the *Final Report of the U. S. Commission on Industrial Relations*, Washington, 1915, pp. 212–33.

science without the drawbacks of scientific management. This will probably be attained when industry has become more democratized. The workingmen themselves, realizing the benefits to be derived, will then submit themselves voluntarily to work in accordance with scientific principles. Furthermore, under an industrial democracy the excessive inequality in the distribution of wealth would disappear entirely or in large part, for it would no longer be possible for a small class to appropriate a large part of the wealth produced.

## CHAPTER XXVIII

# INDUSTRIAL DEMOCRACY

The nature and purpose of democracy — Equality of opportunity — The highest possible degree of personal liberty — Partnership of capital and labor — The trade union movement — Collective bargaining — Political activities of trade unions — Criticisms of trade unionism — Results from trade unionism — The syndicalist movement — Governmental ownership of public utilities — The outlook for industrial democracy.

At various points in what has preceded we have encountered an issue which constitutes one of the greatest problems which society must solve, namely, the conflict between democracy and control by a few. In its largest aspect this is not merely a political issue. It involves the whole question of the organization of society by and in the interest of the many, as opposed to the organization of society by and in the interest of a few. This question has arisen in connection with the discussion of the humanitarian movement, philanthropy, social justice, the rearing of the young, the opportunity to work and to earn a decent livelihood, the distribution of wealth, the organization and management of industry, and many other topics. That it is a question of vital importance for the problem of poverty must be evident when we consider that a solution of this problem would not only bring most if not all of the poor above the poverty line; but would improve the condition of most of society, through an extensive social readjustment along democratic lines in the form of a more effective organization of the productive forces in society, and a more equitable distribution of wealth. It is obvious that no self-conscious democracy would long tolerate a situation in which many members of the democracy were poor while a few individuals owned a large part of the wealth of society.

### Nature and Purpose of Democracy

Before taking up the movements towards industrial and social democracy, it may be well to discuss briefly the nature and pur-

pose of democracy. To begin with, it has been shown at many points in this book, and is indeed a fact open to observation by every one, that human beings are not equal in their capacity for performing the biological, economic, political, and other functions which are essential for the preservation of the race and of organized society. For this reason, in any form of society the status, economically and otherwise, of the individuals constituting the society is bound to differ greatly. And in addition to being inevitable, these differences in status due to the diversity of human talent are in many ways desirable, in view of the great importance of an extensive and complex division of labor in any highly organized society.

But these differences in human talent do not preclude the possibility and certainly do not negate the desirability of equality of opportunity. That is to say, this diversity does not prevent the possibility of each individual having an opportunity equal to that of every one else to make the best use of his capacity, and to lead a normal human existence as far as it is possible for him to do so. Equality of opportunity is, therefore, the first and foremost object and condition of democracy, and in a sense includes all the rest. And that this is of immediate significance for the prevention of poverty must be evident, when we consider that many of the poor would not be in poverty if they had the opportunity to produce what they are capable of producing, or could retain possession of what they do produce.

In the second place, we have already seen in our first chapter that any form of organization of society involves a certain amount of restriction upon the liberty of the individual. But we have recognized that such restriction is a necessary evil, which should be tolerated only to the extent that it is essential for the organization of society; because the attainment of the highest possible degree of personal liberty is one of the ends of democracy. This must be so, in the first place, in order to have the equality of opportunity which we have already postulated as the first end of democracy. For if the curtailment of liberty is carried further than is necessary, it means also the curtailment of the opportunities of the many as compared with the opportunities of the few in whose hands the power resides.

But this highest possible degree of liberty is also needed for another purpose of democracy, and that is the greatest pos-

sible development of the personality of each individual. Such development cannot come when the liberty of the individual is restricted to an excessive degree.

During the last century or two a great deal of freedom in the political field has been acquired in the form of democratic methods of government. Furthermore, it is supposed by many that a similar freedom exists in the economic field. In accordance with the doctrines of the *laissez faire* school it is asserted that the workman is free to take or leave work offered to him, and the capitalist and enterprizer are free to undertake business enterprizes as they choose. But so far as the workman, at least, is concerned, this is a spurious form of freedom, for very frequently he must take the work offered him or starve. And the work offered usually makes him a slave, both physically and mentally, during most of his waking hours, for a very small recompense.

Consequently, under the conditions described above there cannot be any great degree of freedom or of democracy in the economic world. The problem therefore is as to how they may be introduced into industry. When this is accomplished, they will guarantee the right of every worker not only to a living wage, but also to sufficient income and leisure to permit of a full development of personality. This right will then correspond to the legal and political rights of the individual already recognized in every highly civilized country.[1]

Let us see what forces are now at work to bring freedom and democracy into the industrial world. We have already surveyed some of the movements towards industrial democracy in the last few chapters, and shall refer to them only in a very cursory manner at this point.

## Partnership of Capital and Labor

It is believed by some that it will be possible for capital and labor to form a sort of industrial partnership, as a result of which labor will secure its fair share of the product. Such is the idea which lies behind a few of the profit sharing and co-partnership

[1] *Cf.* D. H. Macgregor, *The Evolution of Industry*, New York, 1912, p. 113; W. Jethro Brown, *The Underlying Principles of Modern Legislation*, London, 1912, pp. 51*ff.*

schemes which we have already discussed. We have seen that these schemes are feasible only in certain kinds of industries, and that when tried in these industries they are likely either to fail or to develop into coöperative organizations. The fundamental reason for this doubtless is that the interests of capital and of labor are irreconcilable at bottom. The capitalist is certain to continue trying to get as much as possible of the product in the form of profits, interest, and rent, and the laborer is certain to continue trying to get as large a share as possible in the form of wages. So that any attempt to form a partnership between them is in all probability doomed to failure, despite the assertions of some of the scientific managers that the interests of the two sides are identical.

We have also seen that the field of coöperative organizations today is limited, and that most of them are likely to fail. This does not mean that coöperation in the largest sense of the term is certain to fail. Some day the whole of industry may be organized upon a collectivist plan with a single comprehensive scheme of management. But this will be very different from isolated coöperative organizations in an industrial world which is organized in the main upon a capitalistic basis. Furthermore, it is hardly conceivable that the whole industrial world could ever be organized as independent coöperative workshops and factories, as is proposed by some of the anarchists, communists, syndicalists, and others. The population of the world is too dense, the division of labor has been carried too far, and manufacturing and commercial processes are too complicated to permit of so simple a system.[1]

[1] It is true that in the countries where the coöperative movement has been strongest more or less has been done in the way of federating the cooperative societies. But even with such federation the coöperative movement can hardly create a complete industrial system. In her excellent study of the coöperative movement in Great Britain, Beatrice Potter (Mrs. Sidney Webb) has pointed out the social, administrative, and economic limitations of the movement. In the following passage she indicates what this movement, when combined with certain other movements, may accomplish towards bringing into being an industrial democracy: —

"In conclusion, I would emphatically re-assert that the social, administrative and economic boundaries of the Coöperative State by no means limit the power of coöperators in our national life. The gathering together of the whole working class in a Coöperative Union on the one hand, and in a Federation of Trade Unions on the other, would make the workers

So that, while the co-partnership and coöperative movements represent democratic tendencies, and therefore furnish some impetus towards industrial democracy and the spread of democratic ideas and ideals, they cannot be regarded as movements which unaided will bring into being any permanent and thoroughgoing system of industrial democracy.

## The Trade Union Movement

The most powerful influence today for industrial democracy probably is the trade union movement, frequently called the labor movement. It is important, however, to point out in what respects the trade union movement is a movement towards industrial democracy. In the first place, the unions are democratic organizations in which each member has a voice and a vote. This is the sense in which the Webbs primarily use the term industrial democracy in their masterly treatise on trade unionism.[1] In the second place, the unions have acquired a great deal of power over industry, so that they are able to dictate to the capitalists and enterprizers many of the conditions under

practically paramount in the State. The organization of workers as consumers would effectually prevent any attempt of capitalists and landlords to bribe certain sections of the working class by the promise of high money wages to support a protectionist policy in its legislative form, import duties, or in its economic form, trusts and capitalist combinations to raise prices. And if the officials of these twin Federations, representing the primeval interests of consumption and production, were to unite in solemn compact, then it would be comparatively easy to weed out of the community those who consume without producing, the parasites of all classes; while those who at present produce without consuming their full portion would be raised to a higher place in the national banquet. That this result cannot be accomplished without resort to legislation, the outcome of compulsory association, has, I think, been clearly demonstrated. But before we can have a fully developed democracy, the nation at large must possess those moral characteristics which have enabled coöperators to introduce democratic self-government into a certain portion of the industry, commerce and finance of the nation. It is, therefore, as moral reformers that coöperators pre-eminently deserve the place in the vanguard of human progress. While completing and extending their domain to its furthermost limits, coöperators should deliberately introduce their methods and experience into the administration of the parish, the municipality, the country and the State; thus fulfilling by the sure but slow process of democratic self-government Robert Owen's Coöperative system of industry." (Beatrice Potter, *The Coöperative Movement in Great Britain*, London, 1891, pp. 239–40.)

[1] S. and B. Webb, *Industrial Democracy*, London, 1902.

which industry must be carried on. In this way the working class has secured a voice in the direction and management of industry. In the third place, the trade union movement may prove to be the first step towards an industrial democracy in the fullest sense of the term, in which industry will be owned and controlled by all of society. But it is well to bear in mind that the labor movement in general, as represented by most of its leaders, does not avowedly contemplate this end at the present time. On the contrary, most of those engaged in the labor movement are endeavoring only to bring about certain changes in industry without trying to secure the permanent ownership and control of industry by the whole of society. Nevertheless, it is conceivable that this movement may prepare the way and lead ultimately to a thoroughgoing industrial democracy. We shall discuss this subject presently, when considering the future of the movement.

We have not the space to describe the history and organization of the trade unions, and in any case the facts are doubtless known to the readers of this book. But we must discuss the methods, the economic results, and the probable outcome of the movement, in their relations to industrial democracy.

The Webbs distinguish three fundamental trade union methods, namely, "the Method of Mutual Insurance, the Method of Collective Bargaining, and the Method of Legal Enactment." [1] It is true, as the Webbs point out, that all trade union activities are in a sense forms of mutual insurance, since all of them are coöperative measures against low wages, excessive hours of labor, unsanitary conditions, unemployment, and all the other dangers which menace the workers in these trades. But, strictly speaking, the insurance includes only the friendly and out of work benefits supplied by some of the unions to their members. We have already discussed the subject of insurance in a previous chapter, and therefore need not discuss trade union insurance at this point.

### Collective Bargaining

Collective bargaining has so far been the most important of the trade union methods. The need for this method is obvious. We have already seen how helpless the laborer or-

[1] *Op. cit.*, p. 150.

dinarily is in bargaining with the employer. However "free" the contract is in the legal sense of the term, the advantage is usually on the side of the employer, because he can hold out longer than the laborer, and because there is usually an excessive labor supply causing a competition among the laborers which lowers their wages and injures the other conditions of their employment. The two principal objects for which the unions have used the method of collective bargaining have been the standard rate of wages and a standard working day. That is to say, they have striven to fix minimum rates at which the members of their unions are to be paid either by the hour or by the piece, and a maximum number of hours of labor which if exceeded must be paid for at a higher rate of wages. The methods used to enforce their demands, when their bargaining with their employers has failed, have been the strike; various forms of the boycott, such as the union label, the black list, etc.; and other methods which are too well known to need description here.

In order to prevent the losses caused to the workmen, the employers, and the public at large, by some of the methods used by the unions, such as the strike, as well as by some of the methods used by employers against unions, such as the lockout, many attempts have been made to avert the use of such methods by means of conciliation and arbitration.[1] Some of these attempts have been made voluntarily by the workmen and the employers. In some places these measures for preventing industrial warfare have been legalized, and have been made compulsory. Conciliation and arbitration have frequently been successful, and probably will be used more and more to prevent the losses and injury caused by industrial warfare. But it is evident that the use of these measures does not lessen the fundamental antagonism between the interests of the workmen and their employers, and does not ameliorate, except in a superficial manner, the bitterness of the struggle between the two hostile classes.

### Political Activities of Trade Unions

The method of legal enactment has been used, at least to a slight extent, in every country where the labor movement has attained any degree of strength, while in some countries it

[1] See, for a brief description of methods of conciliation and arbitration, T. S. Adams and Helen L. Sumner, *Labor Problems*, New York, 1905, chap. 8.

has been used to a great extent. In some countries, as, for example, in this country, the labor movement has not assumed a political aspect in the form of a political party. But in this country the labor organizations have brought a great deal of pressure to bear upon legislators in order to secure the sort of legislation which they have desired, and the same has been true in every other country where the situation has been similar. In other countries the labor organizations have formed political parties, and have taken a direct and active part in political affairs. This has perhaps been most true in Australasian countries, where labor parties have been responsible for a large part of recent legislation.[1]

The method of legal enactment is probably of more significance for the future than the other methods used by the trade unions, for it is possible that by means of a more extensive use of this method the unions may take a prominent part in bringing into being an industrial democracy in the fullest and truest sense of that term. But before taking up this subject it may be well to consider briefly the economic results from trade unionism.

## Criticisms of Trade Unionism

In the early stages of the labor movement it was customary to criticize it on the ground that it is not feasible to raise wages and better the condition of the working class by trade union methods. A number of economic arguments were used to prove the impracticability of trade unionism.[2] One of these was the wage fund theory of wages. According to this theory the ratio at which the laboring class shares in the product is fixed at any one time, and cannot be changed by any effort on the part of the laborer himself. So that the only hope of increase for the laborer is through an increase in the total amount produced. But this theory has been abandoned by practically all economists, partly on theoretical grounds, but also because it has been disproved in practice; and this disproof has been furnished in part by the trade unions themselves.

[1] See, for an account of the political accomplishments of the labor parties in Australasia, V. S. Clark, *The Labour Movement in Australasia*, London, 1906.

[2] The Webbs have replied in an able fashion to all of these arguments in their *Industrial Democracy*, Part III, chap. 1.

Another economic argument against trade unionism was that it would discourage the accumulation of capital, because the capitalist could not get as high a rate of interest if a larger share of the total product was going to the laboring class in the form of wages. But it has been shown that in a good many cases a fall in the rate of interest has encouraged rather than discouraged the accumulation of capital. One reason for this is that individuals who are accumulating capital in order to secure an income of a given amount are forced to acquire more capital in order to attain their end if the rate of interest is lower, than they would have to accumulate if it were higher.[1] Furthermore, in many cases changes in the rate of interest do not affect the accumulation of capital, because the individual already has a larger income than he can spend; or because an enterprizer or capitalist accumulates for the sake of the power it gives him, and not in order to secure more wealth. It must also be borne in mind that even if an increase in the share of the product going to wages should lessen the private accumulation of capital to a degree which would be socially harmful, it might still be possible for the state, as representing organized society, to take measures for securing an adequate supply of capital. As a matter of fact, the tendency towards government ownership, which is now strong, would in all probability make this feasible.

A third economic argument used against trade unionism was that any improvement in the condition of the working class which might be accomplished by it could be only temporary, because it would immediately stimulate an increase in the size of the working class which would at once nullify the benefits of trade unionism. It is true that in many cases this has been the immediate and temporary result. But we have already seen that a considerable rise in the standard of living of the working class tends to lower the birth rate in that class, just as the same change in every other class tends to bring about the same result. And this will doubtless be all the more true as time goes by, and as the opposition to the artificial restriction of the birth rate disappears.

[1] A fall in the interest rate may, however, discourage some persons from accumulating capital, because of the increase in the length of time required to accumulate the desired amount.

## Results from Trade Unionism

Let us now see what have been the actual economic results to the working class from trade unionism. In the first place, it is well known that many of the highly organized trades have secured high rates of wages, comparatively short hours of labor, and many other benefits from their unionism. In the case of these trades, unionism has had valuable economic results for their members. But practically all of these trades are highly skilled, and contain a comparatively small part of the whole of the working class. Furthermore, some of these trades have followed what appears to be a very selfish policy, namely, they have deliberately limited the number who could enter their trades, thus excluding others from the benefits to be derived from their unions and aiding themselves in maintaining a high rate of wages.

We have not the space here to discuss the reasonableness of this policy followed by these unions. But the above facts indicate that only the smaller part of the working class that belongs to the unions benefit directly from trade unionism. And inasmuch as the vast majority of the poor belong to the class of the adult male unskilled laborers, female laborers, and child laborers, who are not organized at all or only to a very slight extent, it is an important question as to whether trade unionism has benefited at all or to any considerable extent the condition of this large class. It is obvious, however, that this is a very difficult question, and that it is impossible to give a definite answer to it. It is possible that by raising the maximum rate of wages the trade unions may have influenced wages a little all along the line. On the other hand, it may be that the unions have had no effect whatever upon the wages of the unskilled laborers and the other laborers who are not organized.[1]

[1] The following table has some significance in connection with this question. It indicates that in one of the largest industries in this country, the railway industry, the employees in the first group, who represent the best organized of the railway employees, are on the whole the best paid; and that their wages are increasing at a faster rate than the wages of those in the second group, who represent the railway employees who are more or less organized; while the wages of those in the third group, who represent the

At any rate, whatever the answer to this question may be, it is evident that measures should be taken to raise the rate of wages of this large class. This may be accomplished by means of legislation of various sorts, some of which have already been described in this book. Or it may be accomplished by organizing these workers in some fashion. This is the main object of the recent syndicalist movement, which we shall discuss presently.

We can now discern more clearly the status of trade unionism with respect to industrial democracy. Up to the present time this movement has not ordinarily contemplated any change in the fundamental economic organization of society. It has apparently been resigned to a continuance of the struggle between the working class and the capitalists and enterprizers who are their employers. But it has endeavored to organize the working class or at least a part of it, so that the workers could get a larger share of the product. What the Webbs have said of its use of the method of collective bargaining has been true of the trade union movement as a whole: — "The workmen are frankly striving to get for themselves the best terms that

railway employees who are rarely ever organized, are increasing at the slowest rate.

WAGES OF CERTAIN GROUPS OF RAILWAY EMPLOYEES IN THE U. S., 1904–14.

| *Group* | *Average daily compensation* 1904 | 1914 | *Per cent of increase* |
|---|---|---|---|
| I | | | |
| Enginemen | $4.10 | $5.24 | 27.8 |
| Firemen | 2.35 | 3.22 | 37.0 |
| Conductors | 3.50 | 4.47 | 27.7 |
| Other trainmen | 2.27 | 3.09 | 36.1 |
| II | | | |
| Machinists | 2.61 | 3.27 | 25.3 |
| Carpenters | 2.26 | 2.66 | 17.7 |
| III | | | |
| General office clerks | 2.22 | 2.54 | 14.4 |
| Track laborers | 1.33 | 1.59 | 19.5 |
| Other laborers, etc | 1.83 | 2.21 | 20.8 |

These figures are taken from Bulletin 81 of the Bureau of Railway Economics entitled *Statistics of Railways, 1904–1914, United States*, Washington, 1915. I have the authority of J. H. Parmelee, the Statistician of the Bureau, that the employees in the first group are the best organized, those in the second group are much less organized, and those in the third group are rarely ever organized.

can permanently be exacted from the employers. The employers, on the other hand, are endeavoring, in accordance with business principles, to buy their labor in the cheapest market. The issue is a trial of strength between the parties." [1]

However, I have already suggested a number of ways in which the trade union movement is at this time a force for industrial democracy, and it may become a much stronger force towards this end in the future. If, for example, the trade unions take an increasingly active part in political affairs, and the members of the unions become more and more imbued with collectivist ideas, the time may come when the trade union movement will become a decisive factor in bringing into existence some form of collectivism. The subject of collectivism we shall deal with presently.

As to whether trade unionism would survive under collectivism, and would thus become an integral part of a thoroughgoing form of industrial democracy, it is impossible to say with certainty. Inasmuch as it has developed under capitalism, and arises out of the conflict of interests between capital and labor, it is doubtful if it would persist under collectivism. But it is well to bear in mind that certain competent students of the subject have thought that trade unionism would survive even under collectivism.[2]

[1] *Op. cit.*, p. 184.

[2] The Webbs are of the opinion that trade unionism will persist under any form of democracy. Their excellent chapter on "Trade Unionism and Democracy" is worth reading in this connection. I will quote from it the following passage: —

"It follows from this analysis that Trade Unionism is not merely an incident of the present phase of capitalist industry, but has a permanent function to fulfil in the democratic state. Should capitalism develop in the direction of gigantic Trusts, the organisation of the manual workers in each industry will be the only effective bulwark against social oppression. If, on the other hand, there should be a revival of the small master system, the enforcement of Common Rules will be more than ever needed to protect the community against industrial parasitism. And if, as we personally expect, democracy moves in the direction of superseding both the little profit-maker and the Trust, by the salaried officer of the Coöperative Society, the Municipality, and the Government Department, Trade Unionism would remain equally necessary. For even under the most complete Collectivism, the directors of each particular industry would, as agents of the community of consumers, remain biassed in favor of cheapening production, and could, as brain workers, never be personally conscious of the condi-

## The Syndicalist Movement

During the last few years the labor movement has assumed a broader scope under the name of syndicalism.[1] The syndicalist movement has taken different forms in different countries, and has had more than one object. But its main object has been to aid the unskilled and other lower classes of laborers by organizing them. This is done frequently not along trade lines but by organizing all the workers in each large industry, or by organizing the workers of all industries in one union. As to their methods, the syndicalists have preached "direct action," namely, the use of methods which usually involve violence. Among the methods which they have advocated and used have been the general strike, sabotage, etc.

tions of the manual laborers. And though it may be assumed that the community as a whole would not deliberately oppress any section of its members, experience of all administration on a large scale, whether public or private, indicates how difficult it must always be, in any complicated organisation, for an isolated individual sufferer to obtain redress against the malice, caprice, or simple heedlessness of his official superior. Even a whole class or grade of workers would find it practically impossible, without forming some sort of association of its own, to bring its special needs to the notice of public opinion, and press them effectively upon the Parliament of the nation. Moreover, without an organisation of each grade or section of the producers, it would be difficult to ensure the special adaptation to their particular conditions of the National Minimum, or other embodiment of the Doctrine of a Living Wage, which the community would need to enforce; and it would be impossible to have that progressive and experimental pressing upward of the particular Common Rules of each class, upon which, as we have seen, the maximum productivity of the nation depends. In short, it is essential that each grade or section of producers should be at least so well organised that it can compel public opinion to listen to its claims, and so strongly combined that it could if need be, as a last resort against bureaucratic stupidity or official oppression, enforce its demands by a concerted abstention from work, against every authority short of a decision of the public tribunals, or a deliberate judgment of the Representative Assembly itself." (*Op. cit.*, pp. 823–5.)

[1] By the above statement I do not mean to imply that there have not been labor organizations of the broader sort in the past. There have been many attempts to organize laborers in groups larger than the single trades. The "Knights of Labor" in this country and the famous "International" in Europe are examples which we have not the space to describe here. But the syndicalist movement is the present day representative of this type of movement and, furthermore, has peculiarities of its own which distinguish it from these other movements in the past.

We have already noted that the trade unions do little or nothing for the poorer classes of laborers. So that the object of the syndicalist movement is of great interest from the point of view of the prevention of poverty, for if the movement is at all successful it will improve the condition of many of the poor. It would take too long to discuss in detail the achievements of this movement. Suffice it to say that to all appearances the movement has accomplished very little as yet. And its methods and ideals are such that it is not likely to accomplish very much in the future. In a society organized like our modern society the violent methods of "direct action" are not likely to accomplish as much in the long run as political and other peaceful methods. Furthermore, some of its ideals, or, at least, the ideals of some of its leaders, are entirely impracticable. The predominant ideal of many of these leaders seems to be an industrial democracy organized in the form of independent self-governing workshops. We have already discussed this ideal in connection with the coöperative movement, and have stated the reasons why it is utterly hopeless of attainment.[1]

### Governmental Ownership of Public Utilities

Another movement which may lead to some form of industrial democracy is the movement toward the public ownership of certain kinds of industry. Ordinarily public ownership is advocated only for what are said to be public utilities, namely, certain commodities which are obviously used by all, such as water and light in cities, street railway transportation, postal facilities, etc. But it is evident that there is no hard and fast line between these commodities and many others which are quite as truly used by all. For example, the industries which produce food and clothing are public utilities in this sense quite as much as the industries mentioned above. So that a movement towards the public ownership of any industries may develop into a movement for the public ownership of all industries.

[1] Brief descriptions of the syndicalist movement are to be found in the following works: J. G. Brooks, *American Syndicalism, The I. W. W.*, New York, 1913; John Spargo, *Syndicalism, Industrial Unionism and Socialism*, New York, 1913; André Tridon, *The New Unionism*, New York, 1913.

There is, to be sure, another criterion by means of which it may be determined which industries are suitable for public ownership and management, and which ones should remain under private ownership. This criterion is as to whether an industry can be most efficiently managed by the government or by private individuals. As to this question there is the greatest difference of opinion. Those with collectivist ideas and ideals naturally contend that public ownership and management is most efficient in most or all industries, while those opposed to collectivism contend that such management is most successful only in the case of very few industries.[1] These critics of public ownership and management are able to cite many cases where such management has manifestly been very bad. But it is doubtful if such cases furnish conclusive arguments against public ownership. Up to the present time governments have been notoriously bad and inefficient. This has been due partly to the fact that the much greater rewards of private business enterprize have attracted many of the ablest men away from governmental work. It has also been due in part to the fact that it has frequently been to the interest of private business enterprize to corrupt government, and thus render it inefficient. It is probably true that governmental management of industry cannot have an entirely fair opportunity to demonstrate its efficiency except under a more or less thoroughgoing system of collectivism.

It is a well known fact that a great deal of governmental

[1] See, for example, Emil Davies, *The Collectivist State in the Making*, London, 1914; Yves Guyot, *Where and Why Public Ownership Has Failed*, New York, 1914.

It is interesting to contrast these two books, which arrive at diametrically opposed conclusions with regard to public ownership, despite the fact that both authors use much the same data and doubtless are reliable writers. Davies is convinced that the steady increase of public ownership will lead ultimately to a more or less thoroughgoing system of collectivism. He discusses in a suggestive manner the limits of collectivism; the methods of expropriation, such as confiscation, and indemnification by annuities or by purchase outright; the effect of the growth of collectivism in lowering the rate of interest through the restricting of the field of private enterprize; the relation between collectivism and the labor problem; etc. Guyot, who has been Minister of Public Works in the French Cabinet, cites many illustrations to show the bad financial, administrative, political, and social results from public ownership and operation.

ownership and management of industry now exists. In some cases the industries are owned by cities, and in other cases they are owned by national governments. But it is evident that in each case they are owned by the public or by society as a whole, and that if the government is at all democratic such ownership and management constitutes a step towards industrial democracy. It is true that public ownership has not always been established for democratic reasons. In Australasian countries, where it is very prevalent, it has come largely through the influence and power of the labor parties. But in Germany, where also it is very prevalent, it is, directly at any rate, the result of a paternalistic form of government.[1] It should, however, be remembered that a good deal of this public ownership in Germany is doubtless due to the pressure of the powerful socialist party upon the monarchical and oligarchical German government. Public ownership may also result from a struggle for national existence at a time of war. But whatever may be the causes for public ownership in specific instances, it is evident that if public ownership and operation should become almost or quite universal it would constitute a form of industrial democracy.

## The Outlook for Industrial Democracy

We have now described briefly the forces for industrial democracy. It would be foolish to attempt to prophesy what the outcome is to be. This much, however, seems quite clear, namely, that there are at least two forms of economic organization, one or the other of which may exist in the future. One of these is a capitalistic system of private business enterprize regulated and limited by several forces. One of these forces is the power of voluntary labor organizations using the methods of collective bargaining, and to a certain extent political action. Another force would be political regulation of various kinds, some of which we have discussed in this book. Such political regulation would come about through the power and influence of the laboring class, and of persons from other classes who for humanitarian or other reasons were desirous of putting a check upon the power of the capitalists and business enterprizers. Under such a regulated and limited capitalism poverty would

[1] *Cf.* F. C. Howe, *Socialized Germany*, New York, 1915.

probably be decreased much below its present extent, though as to whether it could be wiped out entirely it is difficult to say.

The other possible form of economic organization is some form of industrial democracy. Suggestions have already been made as to the form or forms such a democracy might take, and I will not speculate further on this point. Suffice it to say that no democracy is likely to succeed unless it affords ample opportunity for competition between individuals,[1] and for rewards graded according to ability; and unless it makes possible a sufficient degree of concentration of authority to permit of the rigid discipline required for the efficiency to be attained only through the application of scientific method. With regard to poverty, it is hardly conceivable that any poverty could exist under any successful form of industrial democracy. For under such a régime industry would necessarily be conducted for the benefit of society as a whole, and not for the benefit of any particular individuals or classes. Consequently, one of the first accomplishments of a society organized upon such a basis would be the guaranteeing to every one of its members a minimum living condition which would doubtless be above what we now regard as the poverty line.

[1] However possible and desirable it may be to eliminate the sort of business competition which characterizes the present system, it is inconceivable that personal competition can be eliminated from the democratic state in which, as we have seen, equality of opportunity must prevail. In the first place, it is hardly conceivable that such competition could be eliminated from any kind of a state. But even if it could be and were eliminated, this would be wholly inconsistent with the democratic ideal, for it would mean that an undemocratic method of determining the function of the individual in the democratic state would have to be adopted. As Cooley has said: — "There is but one alternative to competition as a means of determining the place of the individual in the social system, and that is some form of *status*, some fixed, mechanical rule, usually a rule of inheritance, which decides the function of the individual without reference to his personal traits, and thus dispenses with any process of comparison." (C. H. Cooley, *Personal Competition*, in *Economic Studies*, Vol. IV, No. 2, April, 1899, p. 80.)

## CHAPTER XXIX

# POLITICAL REORGANIZATION AND THE DEMOCRATIC STATE

Political democracy — Increasing the efficiency of government — Political measures against poverty — International political organization.

In an earlier chapter on political maladjustment we have discussed some of the political causes of poverty. We must now consider briefly some of the political methods which may be used for the prevention of poverty.

It is perhaps a truism to say that one of the political ideals of every state should be to have a form of government which will be sufficiently flexible, powerful, and efficient to meet and satisfy every public need. But it is very evident that there is much difference of opinion as to what constitutes the public need. As we have seen in our chapter on political maladjustment, there are several theories of government, each of which is based in the minds of the majority of its adherents upon the idea of meeting the public need. At one extreme is the individualistic theory, which contends that government should be restricted to the minimum degree of social control necessary for the preservation of organized society. This theory is based upon the belief that it is best for society to leave all other social activities to the initiative and management of private individuals. At the other extreme is the socialistic theory, which asserts that practically all social activities should be under the control and management of the state. Between these theories are various theories which lean, some of them toward the one extreme, and the others toward the other extreme, and which we have called social welfare theories.

### Political Democracy

Furthermore, there is much difference of opinion as to the extent to which government should be democratic. Even among those who are sincerely interested in the public welfare,

these opinions range from a belief in the desirability of a benevolent autocracy, aristocracy, or oligarchy, to a belief in complete political democracy. It is evident that each of the types of government based upon the theories stated above may vary somewhat in the degree of political democracy which they embody. An individualistic government following a *laissez faire* policy with regard to most social activities may be highly autocratic or oligarchic in its character. Or it may be more or less democratic. But it is doubtful if a very democratic government can long remain highly individualistic. For under an individualistic government economic and other forms of exploitation are certain to grow up, and if the government is truly democratic, in the sense that it is in the hands of the people as a whole, the people will soon use their government as an instrument to prevent such exploitation, by abandoning the *laissez faire* policy and taking under governmental regulation or control the social activities in which such exploitation is taking place.

A considerable degree of socialism, in the sense of a governmental control of many social activities, may exist under an oligarchic government of the paternalistic sort. But it is inconceivable that thoroughgoing collectivism could exist under any government which was not completely democratic. Under any government which is not entirely democratic a certain amount of exploitation is bound to arise, because of the exceptional power enjoyed by some groups in the community. It would be wholly contrary to our knowledge of human nature to expect that power thus concentrated could fail to lead to exploitation. Furthermore, the industrial democracy which collectivism implies would necessarily have to be correlated with political democracy. Indeed, the two would become more or less identical, as we shall indicate presently.

The types of government intermediate between the extremes of individualism and of socialism are usually more or less democratic in their character, but never entirely so. The advocates of these "social welfare" types of government frequently avow a belief in thoroughgoing political democracy. But however sincere such avowals may be, no one of these advocates has yet been known to try to put such a democracy into practice.

We have not the space here for an extended discussion as to the desirability or undesirability of political democracy. But

this book has, I believe, shown that a high degree of democracy is necessary for the prevention of poverty and its attendant evils, for without democracy the exploitation which is to a great extent the cause of these evils is certain to continue. For the remainder of this chapter we shall, therefore, assume the desirability of political democracy, though the extent to which this is desirable may vary somewhat according to the conditions of time and place.

Before going further it is also well to point out that under political democracy we include representative forms of government. It is evident that if we did not do this, we should have to admit that political democracy is impossible in any except the smallest communities. This is because in communities of considerable size the principle of the division of labor has to be applied to political as well as to all other forms of activity. In such communities it would obviously be impossible for every one to take part in performing all of the political functions. Consequently, most of these functions have to be delegated to a few persons who specialize in these kinds of activities. But such a delegation of political functions, and along with these functions of more or less political power, does not mean the diminution of political democracy, provided every one has a voice in choosing the political representatives and delegates, and provided there is equality of opportunity for all who wish to do so to compete for these political positions.

## Governmental Efficiency

Let us consider first the political changes which will make the governments of the present day more effective in performing their functions. This discussion will deal in the main with the government of this country.

As we have seen in the chapter on political maladjustment, our government has in many ways been inefficient and frequently corrupt. Many safeguards against these evils have been suggested, some of which have already been adopted.[1] Most of these measures are directed primarily against corruption,

[1] Most of these safeguards are described briefly in the following works: — F. A. Cleveland, *Organized Democracy*, New York, 1913; A. M. Kales, *Unpopular Government in the United States*, Chicago, 1914.

but have some effect upon efficiency as well. Many of the evils against which these measures are directed have arisen as a result of the usually well intentioned attempt on the part of those who organized our government to give it a democratic form, without foreseeing the danger that this democratic object might be frustrated by those to whose interest it is to gain control of the government. Thus a large part of the governmental offices were made elective in their character. But political party organizations and other groups and individuals were able frequently to buy up enough of the voters to secure control of these positions. The Australian secret ballot has been widely adopted to prevent this by making it impossible to identify the vote of the individual voter, and has partially succeeded in accomplishing this end.

But it still remained true that the professional politicians and others interested in controlling the elections could frequently dictate the nominations for offices in the party conventions, and this power was sufficient usually for them to attain their ends. Furthermore, the number of elective offices has usually been so great that the average voter, however honest and intelligent, could not possibly acquaint himself with the qualifications of all the candidates for nomination and election. In order to take away the power of nominating from the professional politician, the direct primary has been adopted in many places. But this has not been as successful as was hoped wherever there have been many nominations to make, because the voter could not acquaint himself with the qualifications of all candidates, and it has still remained possible in many cases for the politician to control.

In order to enable the voter to vote more intelligently, the short ballot has been advocated, and has already been adopted in some places. By this method only the few most important offices are made elective, so that the voter can vote intelligently for these offices. Then the appointment of the other officials is put in the hands of these few elected officials, who are held directly responsible to the people. While the short ballot has not as yet been extensively used, it is probable that it will prove to be much more effective than the direct primary in taking the power out of the hands of the professional politician.

The commission form of government is based upon the same

idea as the short ballot, namely, that of having the voters elect only a few executive officers in whose hands is placed a great deal of power, for the use of which they are directly responsible to the people. It has been advocated principally for the administration of our municipalities, and has been tried in a few of them. But it has been advocated also for other parts of our governmental system, as, for example, the government of counties and states.

The popular recall has been advocated for elective officials, and also for some appointive officials. This measure would make still more direct the responsibility to the people of the officials subject to the recall. But some objections on the ground of efficiency may be made against this measure, since it would make the tenure of office of these officials rather uncertain. This would frequently hamper them in carrying out extensive projects, and would sometimes discourage the ablest men from competing for these offices.

The civil service examination system has been generally adopted for selecting minor governmental officials. It was adopted partly for the purpose of abolishing the spoils system of giving governmental positions in return for political favors, and partly as the best method of choosing the most efficient candidates for these positions. It has partially succeeded in attaining both these ends. But it has not abolished the larger and much more dangerous spoils system of giving contracts and franchises, and of passing class legislation in return for political favors. This spoils system will probably not disappear entirely so long as the control of the means of production and the concentration of great wealth in the hands of a few individuals belonging to a small class enable them to exploit a large part of society.

A number of measures have been advocated for giving the people a more direct power and influence in legislation. Among these measures are the initiative and referendum, which are already being used in some places. Another step in the same direction is the movement to make certain state constitutions and the federal constitution more amendable. This movement is of special importance with respect to the federal constitution. The present amending provision makes it very difficult to amend this constitution. Consequently it is not sufficiently flexible

to become adjusted to the changing needs of the time. Furthermore, this inflexibility has given the Supreme Court of the United States an excessive degree of power over legislation.[1]

The extension of suffrage to women is frequently advocated as a means of preventing corruption and of increasing the efficiency of the government. It has not yet been shown conclusively that these benefits have resulted from it, where it has been tried in this country. Furthermore, it is very doubtful if these could be direct and immediate results from it under the present system. Up to the present time it has merely increased the electorate by adding a body of female voters which is on the whole more ignorant of and more indifferent towards public matters than the male electorate. However, woman suffrage will doubtless have a valuable educational influence upon women in the long run, which will bear useful fruit at some time in the future. Furthermore, it goes without saying that in any thoroughgoing political democracy the women would necessarily form an integral part of the electorate.

There can be little doubt that the measures described above will on the whole make government more democratic in its character by giving the people a more direct control over it. But it is not so certain that they will make it more efficient. They may or may not make the government on the whole more flexible to meet the changing public needs, and more effective in performing its functions. It is obvious that the average citizen is not and can never be competent to perform many of the governmental functions, especially the more important of these. Competency for these tasks arises out of special ability and special training and experience. As we have already indicated, the principle of the division of labor must be applied here as in the other fields of human activity. Consequently the citizen of the democratic state must realize and recognize that he must delegate a large measure of power to those who are competent to perform these public functions. It has been the failure to do this which has caused most of the inefficiency of democratic governments up to the present time.

The most effective means for attaining this end in the democratic state doubtless is the diffusion of more knowledge among the citizens as to the political and economic nature and con-

[1] *Cf.* F. J. Goodnow, *Social Reform and the Constitution*, New York, 1911.

stitution of their state, and as to the character of the functions to be performed by its government. Such a diffusion of knowledge can come only through a more effective system of public education, which we shall discuss presently. It goes without saying that this diffusion of knowledge will be aided by the betterment of the economic condition of the masses and an increase of their leisure time, for these changes will make it much easier for them to acquire more knowledge.

With a better informed electorate in the democratic state it will be more feasible to provide means for the special training of experts for the public service, and for the accumulation of a vast amount of knowledge to be used in performing the functions of government. The training of experts for the public service is already accomplished to a certain extent in some countries, and is reflected in the efficiency of their governments. This is true, for example, in Germany. But in Germany this has been the policy of a paternalistic and more or less undemocratic government, while in the democratic state it must come about with the conscious acquiescence, to say the least, if not at the initiative of the public.

With trained experts and a large body of accurate, scientific knowledge, it will be possible to introduce efficient standards into the public service. Furthermore, it will be possible to prepare and carry out an extensive program for the social welfare.[1]

[1] In his work on progressive democracy, Croly has discussed at length the problems of representation and of the delegation of power in the democratic state. In the following passages he discusses the expert administration of such a state: —

"Whether or not a class of expert administrators can successfully accomplish the work which is being imposed upon them remains to be seen. Their ability to accomplish it depends upon the increase of authentic social knowledge. Administrators could not beneficially assume this onerous work in the past, because the necessary social knowledge was not available." (Herbert Croly, *Progressive Democracy*, New York, 1914, pp. 369–70.)

"Thus the administration, in the sense which is now being fastened to the word, must provide a general staff for a modern progressive democratic state. It is created for action. It is the instrument of a clear, resolute and inclusive purpose. But it is also organized for the acquisition of knowledge. It plans as far ahead as conditions permit or dictate. It changes its plans as often as conditions demand. It seeks above all to test its own plans, so as to discover whether they will accomplish the desired result. It cannot continue to plan without having some opportunity to act, because as the instrument of a social program it must have a hand in creating the social

In this country it is also necessary to readjust somewhat the relations to each other of the different branches of our rather complicated system of government. As we have already suggested in an earlier chapter, the municipal and other local governments should be given a larger measure of self-government in all local matters, while the national government should be given more power in all matters which concern the nation as a whole. These changes, as well as some of those we have already mentioned, would, among other things, tend to eliminate national party politics from state and local politics, and would thus increase greatly the efficiency of the state and local governments.

We have been able to discuss only in the briefest manner the ways in which government can be made more efficient and more democratic. Many of these measures have not yet been thoroughly tested, and time only can tell how effective they will prove to be. Indeed, democracy itself is still in an experimental stage. And while there can be little doubt as to its ultimate success, there will have to be much experimenting and many failures before it can finally succeed. It is obviously characteristic of a democratic society that it must educate itself in democracy, for democracy cannot be imposed from without but must grow out of the habits, ideas, and ideals of the members of the democratic society.

## Political Measures Against Poverty

Let us now consider some of the functions which can be performed by democratic governments as they are organized at the present day, which may have some effect upon conditions of poverty. We have already discussed some of these functions in earlier chapters of this book, and the following will serve as further illustrations.

experience which it is also recording; but it will have a much better opportunity of testing its plans than has the general staff of an army. A social program is in the course of being realized in all modern countries. The difficulty is not the lack of facts, but the ability to accumulate, to compare and to digest them. The planning department of a progressive democratic state will have much more to do than the general staff of an army. It will always be planning, and it will in a sense, always be fighting chiefly to convert its enemies, but it will be planning not for the sake of fighting, but for the sake of learning and building." (*Op. cit.*, pp. 370–1.)

Governments are already devoting much attention to public health and sanitation. This work can be continued until free medical services and hospital care are provided for all who need it. It is evident that when this time comes disease and ill health as causes of poverty will be greatly lessened.

Municipal governments have already done some city planning. Such planning can be carried to the point where every city is laid out in the best possible manner to promote the public welfare. When we consider that the great majority of the poor, or at least of the very poor, live in the cities, it is evident that careful city planning will have a great deal of effect upon the conditions of the poor. It will provide for the construction of comfortable and sanitary homes for the masses of the people. It will provide cheap and rapid means of transportation which will distribute the city population more or less evenly, and thus will prevent congestion in the central portions of the city. By the above methods and others which would be included in any thoroughgoing city plan, the evil of city slums could be in large part prevented.

One of the most important functions of government is to provide adequate and suitable educational facilities for all of society. All civilized governments are already doing this to a considerable extent, but the scope of public educational systems can and should be greatly extended. It is evident that any public system of education must perform two chief functions. In the first place, it must prepare the young for citizenship in the democratic state. To do this it must teach them the nature of the society and state in which they are living, in order that they will understand their functions in the state and their relations to others. In the second place, it should furnish vocational training in trade and technical schools, which will fit all of the young to earn a decent livelihood. No democratic government can fail to provide these educational facilities, for in the democratic state each member must take part in the government of the state, and must be a productive member of it.

Another way in which a government may succeed in lessening poverty a little is by regulating the conduct of citizens in certain respects. By repressing crime the state prevents a great deal of poverty, for without such repression there would be no security of life and property, and the strong would exploit the

weak to an extent far exceeding the present degree of exploitation.

But governments sometimes go much further than this in the regulation of individual conduct by repressing or trying to repress harmful habits which cause poverty, as, for example, by prohibiting the use of alcoholic beverages and of drugs. It is well known that the intemperate use of alcoholic beverages is one of the factors for poverty in the lives of many of the poor. But we have already noted that in most of these cases the harmful habit has been stimulated in the first place by poverty, and then has reacted upon poverty in such a manner as to intensify it. So that measures which will remove the original and primary causes of poverty will be much more effective in the long run than the repression of harmful habits which are in the main secondary causes of poverty, and which will continue to be stimulated in one form or another by poverty so long as poverty exists. Here, as elsewhere, in dealing with poverty, the emphasis should be laid upon the prevention of the original and fundamental causes of poverty.

Furthermore, the regulation of private individual conduct is not compatible with the spirit of democracy, so that such sumptuary legislation should not be undertaken by a democratic state, unless there is ample social justification for it.

It is evident that all of the functions of government discussed above may not accomplish much towards preventing poverty directly, however efficiently they may be performed, but they will provide conditions under which poverty and some of its attendant evils are not so likely to be encouraged to develop. However, we have already seen that some governments are going much further than this, and are taking many measures which affect poverty much more directly. Among these are wage and price legislation, the governmental regulation, management, and ownership of industries, etc. These measures may prove to be transitional stages to the socialist state which will constitute the political organization of the collectivist society.

As we have already seen in the preceding chapter, the tendency towards government ownership and certain other tendencies of the day indicate that society may arrive at some form of collectivism. Furthermore, a powerful socialist political party is carrying on a world-wide movement to bring this about. If

collectivism does come into being, it will undoubtedly come as the result of a gradual evolutionary movement, and not as the result of a revolution. A comparatively slight acquaintance with the existing economic organization of society is sufficient to indicate that it is too extensive and complex to be changed at a stroke from capitalism to collectivism.

It would be foolish to try to prophesy as to the nature of the government of a collectivist society. If collectivism is finally attained, the political organization will doubtless change gradually along with the transformation of the economic organization. It will have to be a very extensive and complex organization, for it will have the management of all the economic activities of society. It will, however, be able to command the best talent, for under collectivism there will be no greater rewards to be secured in private enterprize than in the public service.

### International Political Organization

Before closing this chapter, we should mention one more form of political organization which may develop in the future, namely, the world state. The collectivist society will probably include the whole world, for it is very doubtful if a national collectivist organization could maintain itself in competition with private capitalistic enterprize in the rest of the world. So that the collectivist state would have to be a world state. But even before the world state is attained in this fashion or in some other way, which may never happen, it is quite probable that a world-wide federation of nations can be formed which will prevent most if not all forms of international conflict.

The development of international law and the Hague Tribunal are steps in that direction. Earlier in this book we have already suggested several matters which should be regulated by international agreements, such as commerce, the migrations of population, the apportionment of unexploited parts of the world, etc. It is evident that many more forms of international regulation and coöperation might be suggested.

## CHAPTER XXX

# SOCIAL PROGRESS AND THE COMING OF THE NORMAL LIFE

Theories of progress — The theory of social progress — The normal life — The democratic society — The abolition of poverty.

In this book we have discussed poverty in a very broad way, both as to its causes and as to its treatment. We have done so because poverty is not a simple phenomenon, but is related in its causes and effects to nearly every aspect of the life of society. There are, I presume, few if any persons who would deny that the prevention of poverty is one of the most important objects of social progress. Consequently it is fitting that in the last chapter of this book we should discuss the problem of poverty in relation to the theory of progress.

The idea of progress is very ancient, and there have been and are many different concepts as to what constitutes progress. So that we must discuss these concepts briefly, in order to ascertain which one has been implied by the program for the prevention of poverty outlined in this book.

### Theories of Progress

In his famous essay on *Progress, Its Law and Cause*, Herbert Spencer identifies progress with evolution, and insists that the description of progress is the description of a process without regard to its results. For Spencer, therefore, progress is no more teleological than evolution. But this is not the accepted meaning of the term today, and probably never has been in the past. While it goes without saying that progress is a process, it is a process that is directed towards a desired end, or, to say the least, whether directed or not, it attains an end which is desired. Consequently progress is a teleological process for the person who is directing it, or who desires its end. It is a process judged with

relation to a standard of valuation based upon the things desired by the person holding the standard.

Now it is evident that there will be as many criteria of progress as there are such standards of valuation. Some of these criteria are ideological in their character. That is to say, they are based upon the alleged desirability of working out certain ideas in the world. For example, the criterion may be religious in which the desired end is the working out of a divine plan upon earth, the plan being purported to be known entirely or in part by the person holding this criterion. Or the desired end may be the spread and universal acceptance of a given religion, such as Christianity or Mohammedanism. The ideological criterion may be more metaphysical in its nature in the sense that the desired end is the recognition of an absolute moral law, which is alleged to exist in the universe (*vide* Kant *et al.*). Or it may be the working out of a system of natural law and rights in the universe. Or it may be conceived still more grandiosely to be the evolution of a Great Idea in the universe (*vide* Hegel *et al.*), which is known only to the exponent of this conception of progress, and perhaps not even to him.

We can, I think, safely assume that these ideological criteria, with their alleged basis of esoteric and recondite knowledge and their real basis of ignorance, are worthless for practical purposes, and will now turn to other criteria which are more tangible and some of which may have more value.

A biological criterion may be used according to which progress consists in the evolution of mankind into a higher species by means of natural selection and variation, or by means of artificial selection. This is the ideal which possesses many of the eugenists, and which apparently obsesses some of them. Or the criterion of progress may include the advancement and betterment of only a portion of mankind, such as a race, a nation, a class, or a family.

Some of these criteria of progress have had a great deal of influence, and others of them have had very little influence. The more philosophical of the ideological theories have had very little influence. The biological theory has been known to very few and has had no influence. But religion, because of the high degree of emotional intensity with which religious beliefs are held, has had a tremendous amount of influence,

and the same has been true of the other theories of progress mentioned above. We need only survey the history of warfare, and recall the great number of religious, racial, national, class, and dynastic wars, to realize the truth of this statement.

## The Theory of Social Progress

At various points in the course of this book we have had occasion to discuss two great modern movements, namely, the humanitarian and democratic movements. A little reflection will show that the philosophy underlying these movements implies and necessarily involves a theory of progress which is social in the fullest and truest sense, in contrast to all of the theories mentioned above. It is social because it includes all of mankind, whereas most of the other theories include only a part of mankind. It is social because it is based upon the welfare of the whole of human society as an end, whereas this is not true of most of the other theories. It is social because it involves the democratic method of coöperative effort toward this end by all or the great majority of society. Because its standard of valuation is based upon human well-being, this theory of progress is hedonistic and not ideological in its character.

This theory of social progress has doubtless been held at one time and another by a few individuals in the past. But until recently it has had very little influence in the world. This was because the ground was not yet prepared for it by the great forces for change which we have discussed in our study of the humanitarian and democratic movements. But the idea of social progress now permeates the thought of many individuals, and underlies to a greater or less extent many movements of the day. For example, the socialist movement is based entirely upon the idea of social progress, and proposes to attain the ends of social progress by means of collectivist methods. The anarchist movement also is based upon the idea of social progress, but proposes to attain its ends by other means. All of the broader cultural movements of today are more or less influenced by it, however much they may differ amongst themselves as to the means by which it is to be attained.

## The Normal Life

We have indicated that the object of social progress is universal human well-being. We may define this object more precisely by saying that it is the coming of the normal life for all or the vast majority of mankind. The term "normal life" is used in a variety of senses by different writers.[1] I mean by it the spontaneous expression of human nature. Now it is evident that in any organized society the spontaneity of the individual must be limited at least a little by the need for a certain amount of social control. But it is also evident that in the existing social organization this spontaneity is limited far more than is required by the legitimate need for social control. The causes of this excessive limitation are, in the first place, the pressure of poverty and its attendant conditions, and, in the second place, the restrictions of institutionalized religion, conventional morality, and antiquated repressive laws.

We are not especially concerned with the second group of restrictions in this book.[2] But we have had ample evidence of the manifold ways in which poverty obstructs the coming of the normal life. Because many of the poor do not have an adequate material basis for life in the way of food, clothing, housing, etc., many of them are injured physically and mentally. Because they are usually forced by their poverty to work long and hard at tasks which frequently are uncongenial, and for which frequently they are unfitted, they have not the time and strength to give expression to many of their natural human impulses. It is evident that this adequate material basis for life must be provided for physical and mental comfort, and that there must be sufficient leisure for self-directed avocational activities.

## The Democratic Society

It is for the purpose of making possible this normal human life that we have gradually developed in this book the conception of a society inspired by humanitarian and democratic

[1] For example, it is used in a sense different from the one give above by H. G. Wells *et al.*, in *Socialism and the Great State*, New York, 1912.

[2] I shall discuss these restrictions in my forthcoming book on crime and vice.

ideals. Such a democratic society involves on the political side a system of self-government such as we have discussed. On the economic side it involves an efficient organization of all the productive forces in society, so that each member of society will be contributing his fair share of the kind of labor which he is best fitted to perform. It involves the distribution of the wealth produced on the basis of individual productiveness. This implies a narrow limitation of property ownership; for otherwise it is inevitable that a large part of the wealth of society should be distributed according to family relationships and other considerations, and not according to productiveness. It involves a comparatively limited amount of work required of each individual, so that there will be ample leisure for avocational effort, much of which will doubtless have social value, and all of which will contribute heavily toward the development of human personality.

This ideal of a democratic society may seem no better than an iridescent dream to many readers. And we have certainly not minimized in this book the difficulties in the way of its attainment. We have seen that the efficient organization of all of the productive forces of society is an exceedingly complicated task, which will doubtless take a long period of time to accomplish. We have seen that in any system of production where the principle of the division of labor is extensively applied, it is not easy to measure accurately the productiveness of the individual.

It is because I am fully aware of these difficulties that I have insisted throughout this book upon the application of accurate, scientific knowledge. It will not be until the scientist and the statesman unite in the work of acquiring this knowledge and applying it, that the public will have the guidance which may eventually enable it to bring into being the democratic society. Such a society will become highly self-conscious in its character. It will develop as a society powers of self-direction and of self-control which will be almost if not quite as great as these powers in its individual members. This development will inevitably lead to the disintegration of beliefs in gods and devils, luck or providence, as determining the fate of mankind, and to the consequent abandonment of superstitious magical and religious practices for the purpose of influencing this fate. In the place of these beliefs and practices will come intelligent

effort for social progress in accordance with natural laws, while religion will be relegated to its proper place as a part of the outlook of some individuals upon life.

## The Abolition of Poverty

It is now evident, as has already been pointed out in this book, that the coming of the democratic society will mean the abolition of poverty. For it is inconceivable that such a society would tolerate this condition for any of its members. On the contrary, standards of living and efficiency would be established which would make poverty impossible. Furthermore, it is very doubtful if poverty can be entirely abolished under any other form of social organization, for it is probable that every other form would offer too much opportunity for exploitation to make poverty entirely impossible, though it is probable that poverty can be lessened much below the existing amount.

However, by the above statement I do not mean to imply that abnormal and pathological dependency will ever disappear entirely. On the contrary, a certain amount of such dependency will always be inevitable, because the struggle for existence will always cause a defective class not fit to survive which will have to be eliminated by natural selection, if artificial selection does not intervene to anticipate it. Under present conditions these individuals usually drag out a miserable existence in poverty aided in a haphazard way by philanthropy. But in the democratic society these individuals will be upon an entirely different status, as we have already pointed out earlier in this book. They will be cared for by the democratic state as unfortunate individuals who are unable to produce, but are nevertheless entitled to a subsistence in accordance with the humanitarian ideal of the democratic society.

Furthermore, in the democratic society, as in every other society, certain human characteristics will always persist which will lead some individuals to anti-social conduct in the attempt to live parasitically at the expense of others. But the democratic society, like every other society, will have to apply disciplinary measures to these individuals, and can usually in the course of these measures force these individuals to produce enough to pay for their own subsistence.

It goes without saying that the elimination of poverty will not prevent all human pain and misery. Defects and ailments of body, mind, and character will always cause much suffering. Friction and maladjustment in personal relations will always give rise to a good deal of unhappiness. Work will always constitute a wearisome and irksome burden. For these reasons and others which might be mentioned, there will always be enough and to spare of human misery.

At the same time, the elimination of poverty entirely or in large part will doubtless lessen human unhappiness more than could be accomplished by any other one change. Furthermore, the social organization which the elimination of poverty implies will in other respects as well be far more conducive to happiness than the present organization of society. It will promote human happiness by carrying mankind a long way towards the free and spontaneous expression of human nature which constitutes the normal life for human beings.

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